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Joy in 1996

TUESDAY 16 APRIL 1996 40p (B45p)

INSIDE TODAY'S SECTION TWO

Why lawyers are at loggerheads

Cover story

The rugby scrum that left a boy's life in ruins

Living

The heart and sole of British style

Fashion

Railtrack in 'fat cat' row over bonuses

Labour fury over sweeteners

PETER RODGERS and CHRISTIAN WOLMAR

Six directors of Railtrack may get bonuses of up to 100 per cent of their salaries under an incentive scheme that could add £900,000 to the board's earnings and which is bound to provoke new opposition to the Government's troubled rail privatisation.

The bonuses – to be paid in shares in the privatised company – come despite a promise by Robert Horton, chairman of Railtrack, to ban "fat cat" rewards, by eschewing share options.

The prospectus for the sale of Railtrack published yesterday gives details of the long-term incentive scheme. The payments exclude options and instead will be made by the company through the purchase of shares to be given to directors and top executives. This is on top of annual bonuses for the board of up to 40 per cent of basic salary.

Angered by the incentive scheme and by a decision to sweeten the privatisation with a £69m dividend paid out of last year's profits – when the company was state-owned – Labour said it would mount an attempt to overturn the Government's one-vote majority in tomorrow's Commons debate. It will try to block the sale by marshalling support from Ulster Unionist MPs and Tories unhappy with rail policy.

The sale includes an unprecedented array of sweeteners to ensure successful privatisation, with discounts and bonus shares as well as the £69m extra dividend.

The Opposition's transport spokeswoman, Clare Short, condemned the sell-off, saying privatisation would damage the country's rail network and drive more people on to the roads. She said: "We believe that it's a grave breach of the national interest to sell off all our signalling, the tracks and stations in every town and city in the land at a very, very cheap price."

The controversial directors'

incentive scheme requires directors to use half their annual bonuses of salary to buy shares in Railtrack. After three years, the company will award each director a multiple of the shares he has bought, based on two key measures.

These are the growth in the company's earnings per share and a separate measure of how far Railtrack has achieved performance targets.

DEPARTURES	ARRIVALS
EXTRILLION	
TAX PAYERS' MONEY	RAILTRACK GRavy TRAIN

The maximum payout each year would be five times the amount of shares the director has bought. The view in the City was that the targets were demanding but achievable.

The prospectus said the directors had been given an ordinary bonus of 17.2 per cent in 1994-5, after the Government reduced it from the 25 per cent estimated by the board. For the year just ended, a 30 per cent bonus has been set, 75 per cent of the maximum.

John Edmonds, the chief executive, has the highest basic salary at £168,000, and is the only one to get a rise this year – of £26,000.

While Labour is not committing itself to renationalisation, the party is convinced that its campaign against the sell-off will dampen down enthusiasm among the general public to buy shares.

The party launches an advertising campaign today on the theme of The Great Train

Robbery, with the claim that privatisation is costing every taxpayer £103.

Ms Short said it would be "irresponsible" for Labour simply to threaten potential investors it would take back Railtrack if it won power. Railtrack argues that the prime reason for selling 100 per cent of the shares was not to make it harder for a future Labour government to re-nationalise the network, but to do what was right for the railway industry.

While Labour is unlikely to win Wednesday's vote, Tory MPs with doubts about the break-up of the railways were given more ammunition by figures revealed by the Capital Transport Campaign last night which showed that more than 70 per cent of passenger services in London and the south-east have deteriorated since the break-up of BR in 1994.

An alliance of unions and pressure groups opposed to privatisation said they were considering legal action over the £69m dividend, which will be shared by new shareholders in October.

Jonathan Bray, co-ordinator of the Save Our Railways group, which late last year mounted a partially successful legal action against the sell-off, said: "The Government is so desperate to make a success of the sale that they plan to bribe investors with a £70m sweetener. We will be taking this issue up with our lawyers."

SOR launches a separate legal action today when it starts proceedings against the franchise director, Roger Salmon, over his decision to bar British Rail from bidding for the LTS franchise whose allocation was held up following revelations of a fraud.

Details were also released of a poll which claimed that half of Railtrack's senior managers and more than four out of five of its middle managers were opposed to the rapid sell-off of the company.

The price of success, page 2
Leading article, page 14

Agony of the people as bombing empties Lebanese villages



A woman in Nabatiyeh breaks down after being told that two young relatives had been killed during the Israeli aerial and artillery offensive

Israelis blast power station

ROBERT FISK

Ignoring France's initiative to halt the onslaught on Lebanon, Israel yesterday destroyed another of the country's key power plants, setting the electricity station in the Metula hills ablaze while opening a missile bombardment on the southern port of Tyre.

Beirut's power supply was cut by two thirds after an Israeli helicopter fired a rocket into the station at Bsailem outside the Christian eastern suburbs of Beirut – an area into which no

many Lebanese fear an Israeli attack on the international airport. Five passenger airliners, including the regular Middle East Airlines flight from London, were forced to circle the city for 90 minutes during the afternoon as Israeli helicopters staged another raid over the southern suburbs of the city, wounding one man when they fired missiles into two buildings. Throughout the day, anti-aircraft batteries fired repeatedly into the sky over the capital as Israeli jets made reconnaissance flights across Beirut.

In Paris, the Lebanese prime minister spoke gloomily of the end of the Middle East peace process while the United Nations in southern Lebanon logged a significant increase in the fighting by both sides. In the 24 hours ending at

5am yesterday, Israel had fired 4,000 shells into the UN zone alone, 52 of them landing close to UN positions. For their part, the Hezbollah – supposedly targeted by "surgical strikes" from Israeli aircraft – mounted their heaviest daily retaliation bombardment yet against northern Israel: 90 Katyusha rockets fired off towards Galilee.

Other reports suggest that the Hezbollah may have fired as many as 400 Katyushas at Israel in 34 hours, including rockets fired from north of the Litani river, further proof that the guerrilla force has not been cowed by the Israeli attack.

Since the offensive began on 11 April, not one Hezbollah member of Israeli soldier has been reported killed. The dead comprise 23 civilians, two Lebanese soldiers and a Syrian officer.

In a transmission that probably had its eye on CNN retransmission rather than reality, Hezbollah's television station showed film of around 50 young men with their faces blackened and with what appeared to be explosives strapped to their chests, announcing that they formed a special "martyrs' brigade" which would attack Israeli targets and "American interests" in retaliation for US support for the Israeli attacks.

Divisions in EU, page 9

RODDY DOYLE

THE

WOMAN

WHO

WALKED

INTO

DOORS



Grey period: United's Ryan Giggs in the ill-fated strip

Hopes for feelgood factor get triple boost

DIANE COYLE
Economics Editor

Government hopes for a return of the "feelgood factor" received a boost yesterday thanks to evidence of a livelier housing market, a jump in retail spending and further good news on inflation.

Activity in the housing market in March was the strongest for two years, according to a survey of estate agents. Four out of five said the number of viewings and enquiries had risen by 10 per cent or more.

A separate survey showed a surge in spending on the high street, which was 7.5 per cent higher than the same month a year earlier even after adjusting for the impact of an early Easter. Official figures also showed the increase in prices charged by manufacturers at the factory gate declined to its lowest since December 1994.

The prospect of faster growth without inflation helped take shares in London to a record high last night.

The housing market is showing signs of underlying strength,

according to the Royal Institute of Chartered Surveyors. In a typical comment, Robert Cormack, an estate agent in Newport, Gwent, said: "After too many false dawns this decade, we are now cautiously advising buyers and sellers that signs of improvement in the property market are starting to show."

Nearly a fifth of the estate agents reported modest house price increases, although most said prices remained flat. But many said houses still had to be realistically priced to sell.

The upbeat survey follows the

Halifax building society's recent report that house prices rose for the eighth month running in March, the longest sustained increase since 1989.

The brighter news on the housing front coincided with a survey of retailers showing a much stronger trend in high street spending last month.

The amount spent on retail sales surged by 7.5 per cent in the year to March. Adjusting for Easter, which had a big impact on DIY, food and electrical sales, the year-on-year increase remained a buoyant 4.5-5.0 per

cent. It was concentrated on electrical goods, household items and furniture.

Hugh Clark, trading policy director of the British Retail Consortium, said: "We are particularly encouraged to see this happen before people get the benefits of the tax cuts."

He added: "Our members are detecting a distinct improvement in consumer confidence." Lower mortgage rates would continue to help retail spending, he said.

The sparks of recovery in consumer spending have shown

no signs yet of setting off higher inflation. Official figures yesterday revealed that prices charged by manufacturers at the factory gate rose 3.4 per cent in the year to March, the lowest annual increase since the end of 1994.

Beef prices at the producer level dropped 0.9 per cent in March thanks to the mad cow scare, but other meat prices jumped by 5.3 per cent, meaning prices charged by food producers climbed 1.2 per cent overall.

Footsie record, page 16

IN BRIEF

'Bristol' goes west
The Bristol & West, Britain's ninth largest building society, was sold to the Bank of Ireland for £600m yesterday. Page 16

Professor accused
A theology professor in the Free Church of Scotland has denied six charges of indecent assault.

United drop grey strip after black day

NICK DUXBURY

Manchester United's grey football kit yesterday became a collector's item as the "strip they couldn't see" was consigned to the dustbin after less than a season.

The outfit, which adorned the likes of Cantona and Giggs on United's appearances away from their home ground of Old Trafford, was blamed for a string of disappointing results and will be replaced by an all-white version.

United are on the verge of winning the Premiership title –

the biggest prize in football – despite having lost four and drawn one of the five games in which the unlucky, two-tone design had been worn.

The last straw came on Saturday at Southampton when, after going in three goals down at half-time, the United manager, Alex Ferguson, ordered a switch to the team's blue and white third kit. The change worked, but only partially as United lost 2-1.

"The players couldn't pick each other out," Ferguson said. "They said it was difficult to see their team-mates at distance."

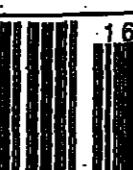
However, England's biggest and wealthiest club – the kit deal

with Umbro is worth £80m over six years – were already committed to bringing out a new version of their traditional red shirt for next season and will change the blue and white third kit at the turn of the year.

Tony Kershaw, the secretary of the National Federation of Football Supporters' Clubs, said: "You can only sum it up as a rip-off. Changing all three kits in the course of one season is totally unfair to the fans of all age groups, not just children. United fans will want to have all three kits and they are just being taken for a ride."

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news

Railtrack flotation: Labour spokesman pulls out of interviews while Government raises stakes

Short tax row blunts attack on rail sell-off

COLIN BROWN
Chief Political Correspondent

Clare Short: Politicians should take a moral stand

says what I really think, is supposed to be quiet and not speak the truth. And I will not be silenced."

John Prescott, the deputy leader of the party, said she had accepted the collective responsibility of the Shadow Cabinet.

He added: "I think everyone of us in the Shadow Cabinet likes to speak their minds on occasions. I have been known to do it myself. But there is Shadow Cabinet responsibility and all of us have to take that into account. And I am reassured that Clare, in her view, actually put forward the collectively responsible policy of the Shadow Cabinet."

"She has made that clear. She has been somewhat annoyed at the mischievous way her remarks have been interpreted in the press."

"Clare has made one or two personal remarks about her own personal situation. She is entitled to make a personal remark."

"Tony Blair has a serious problem on his hands," said a spokesman for Conservative Central Office.

"He either has to tell the truth about Labour's tax plans or sack Clare Short."

"People want to know what taxes they will have to pay under a Labour government. He has to tell the truth. Middle income families, all families, want get robots who just close what they're told to say out of press added.

"And someone like me, who

Leading article, page 14

Senior aides of Tony Blair, the Labour leader, last night made it clear that Clare Short would not be sacked after she fuelled further anger in the Blair camp over her remarks on tax.

However, long-term doubts remained about her chances of gaining a place in a Blair Cabinet, if Labour win office, after she defiantly said: "I will not be silenced."

She pulled out of a series of interviews on the privatisation of Railtrack yesterday, although she is Labour's leading spokesman on transport, because of the row over her remarks on tax.

A Tory Party aide said: "If I'd seen her today I would have given her a big hug and a kiss. We were in real trouble until she opened her mouth."

Labour leadership sources were angry last night that Ms Short's remarks blunted Labour's attack on the flotation of Railtrack yesterday, and deflected attention from Mr Blair's successful Washington trip and Labour's triumphant by-election victory in Staffordshire South East.

"We were on a roll until this happened," said a senior Labour source. It threatens to undermine Labour's attack on the Tories over the privatisation of Railtrack in a full-scale Commons debate which Ms Short will open tomorrow.

not mean an investment in Railtrack is as safe as building society, because the value of the shares can go up or down. But the high initial returns could underpin the value of the shares in the stock market.

The signs so far are that the marketing drive is having an impact. SBC Warburg, the investment bank handling the sale, said 910,000 potential investors had registered by last Thursday with share shops run by 110 banks, building societies and other financial companies involved in the sale. Only those registered get special discounts and bonus shares.

The number includes 140,000 private clients automatically registered by the share shops, but even so is well above the level

expected in the early stages of the marketing campaign. As an incentive to hurry and register, the Government said the lists would be closed soon but did not say when. Other sweeteners, apart from the £69m dividend, include a discount for private investors. They are thought likely to pay about 5 per cent less than City institutions.

In addition, there will be a 15p a share discount - up to a maximum of £1.20 - on the second instalment payment on the shares, which is due in June 1997. Instead of the second discount, buyers will be able to choose one free share for every 15 they hold up to a maximum of 1,200 shares.

The preliminary or "path-finder" prospectus for the sale,

published yesterday, makes clear there is unlikely to be the huge property development bonanza once claimed by the Labour Party, which has promised to change the rules to clawback some of the money.

The prospectus says Railtrack's property income for the six years to 31 March 2001 is expected to be £1,000m, of which about £250m is from sales of property. The rest is from rents.

Under an agreement with John Swift, the rail regulator, Railtrack keeps 75 per cent of any excess profits it makes on property, with the rest going to the train operating companies.

However, the prospectus process has already been accounted for in setting the level

of track access charges paid by train operators. The sharing 75 per cent mechanism only comes into operation if there are additional profits such as a windfall from developing sites owned by Railtrack.

The bulk of Railtrack's property is an intrinsic part of the railway operations and - according to estimates by Hillier, Parker May & Rowden, the chartered surveyors - other property owned by the company has a total value of £230m. This ranges from a stake in the Broadgate office development in the City of London to the Central Hotel in Glasgow.

Clare Short, Labour's transport spokeswoman, said: "A worry to investors will be the value put on Railtrack's property

portfolio: £230m will not provide the bumper development potential many had hoped for. Labour will channel all proceeds from property development back into infrastructure."

However, the absence of property gains takes the sting out of Labour's threat to change the sharing arrangement for property profits. City analysts said it meant Labour's promised changes would have less of an effect on the value of the company to shareholders.

Rail has also promised much tougher regulation of Railtrack, but the City does not appear to have been deterred because the threat was accompanied by a promise not to cancel existing contracts against the wishes of the parties to them.

The Government has structured the £1.8m sale to give returns in the first year, both from dividends and discounts, above those seen in most previous privatisations, and four or five times as high as a building society. This does

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Refugee, 85, sent for Britain's first war crimes trial

ROS WYNNE-JONES

Britain's first war crimes case is to go ahead after an 85-year-old refugee was committed for trial yesterday accused of murdering three Jews in the Second World War.

Szymon Serafinowicz is charged under the 1991 War Crimes Act with the murder of three unnamed Jews in Byelorussia, now Belarus, during Nazi occupation of the former Soviet republic.

After a two-month committal hearing, Dorking magistrates ruled there was sufficient evidence to commit Mr Serafinowicz for trial at the Old Bailey. The court had heard testimony from 16 witnesses, some of whom flew in from the United States, South Africa, Siberia and Israel. Details of the

proceedings cannot be reported for legal reasons.

At yesterday's hearing one of the original charges was dropped and Peter Badge, the chief metropolitan magistrate, said there was a case to answer on a new charge, that Mr Serafinowicz had murdered an unnamed Jew at Dolmatowszczyzna, in Byelorussia.

Mr Serafinowicz, a retired carpenter, looked blank as the charges were read out and appeared not to register the presence of his sons Kazimierz, 49, and Szymon, 52, in court.

He settled in Britain after the war with his Polish-born wife, who died some years ago. In July 1995 he was arrested at his home in Banstead, Surrey, and charged, after a two-year inquiry by Scotland Yard's war crimes unit. The 1991 Act meant the

Crown Prosecution Service could bring charges even though the alleged offences happened abroad.

Nicholas Bowers, for the defence, said his client was "delighted" one of the charges had been dropped. "He is looking forward to establishing his innocence before a jury," he said.

The first charge against Mr Serafinowicz alleges he murdered an unknown Jew in Mir, Byelorussia, in November 1941; the second that he murdered an unknown Jew at Kryniczne, Byelorussia, between December 1941 and March 1942; and the third that he murdered an unknown Jew at Dolmatowszczyzna between November 1941 and March 1942.

Mr Serafinowicz was bailed to appear at the Old Bailey next month for a pre-trial hearing.



On trial: Szymon Serafinowicz being driven away after the committal decision

How to take a pill.

When a blind person is given medication, they can ask their doctor or pharmacist to dictate any instructions onto a cassette tape. The tape will explain the correct dosage, the shape and size of each pill or bottle and when the medication needs to be taken.

It's a simple solution to an everyday problem. But in most cases blind people are not given the basic information they require in an accessible form. The Royal National Institute for the Blind (RNIB) is campaigning for companies to make information available in formats such as tape, braille, large print and computer disk to meet the needs of their blind customers. Contrary to popular belief, many blind people possess enough sight to read print if it is large and clear enough. RNIB offers advice on the production of legible information so that blind people don't have to go through the daily frustration of relying on others to read out their letters.

For many blind people the phone is a very immediate form of communication. RNIB is pushing for it to be used more widely for recording information and as a talking bill service - a plan already adopted by many utility companies. RNIB also provides many thousands of documents in braille for both individuals and companies. Most of these improvements are relatively inexpensive and are essential if blind people are to lead independent lives. Maybe you know someone with poor or failing sight who may benefit from the services we offer. If you would like more information about RNIB please call us on 0345 023040.

Royal National Institute for the Blind
Charity Registration Number 226227

PC is jailed for karate attack

A police constable's career was left in ruins yesterday when he was jailed for three months for launching a "totally unprovoked" karate attack on a teenager who was being held in custody.

PC Colin Leask, 29, of the Grampian force, appeared for sentencing at Aberdeen Sheriff Court after earlier being found guilty of assaulting 19-year-old Kevin McGahey, who was being held in a cell at police headquarters in Aberdeen last July.

Leask, a martial arts expert since the age of 12, had denied the assault charge. He was released on bail pending appeal.

The court had been told at the earlier hearing how 18-stone Leask kicked Mr McGahey between the legs before unleashing a flurry of blows to his head and throwing him to the ground where he split his head.

Mr McGahey had been under the influence of drink and drugs at the time and had been taken into custody for a strip

search following a disturbance in Aberdeen city centre, the trial was told.

Other officers in the cell said Leask's attack was totally unprovoked.

Leask claimed he only used a martial arts self-defence technique when he thought Mr McGahey was about to kick and hit him.

Mr Shepherd told the court his client's eight-year career in the police force was "now in ruins".

Leask, a martial arts expert since the age of 12, had denied the assault charge. He was released on bail pending appeal.

The court had been told at the earlier hearing how 18-stone Leask kicked Mr McGahey between the legs before unleashing a flurry of blows to his head and throwing him to the ground where he split his head.

During the trial, the court was told that Leask was a black belt in karate and expert in various forms of martial arts. He had competed in martial arts tournaments at home and abroad.

Potter's daughter tells of 'unreal' last days

MARIANNE MACDONALD

Media Correspondent

The daughter of the writer Dennis Potter yesterday described watching her father slave to complete his final two dramas — knowing he had only weeks before he died of cancer.

Sarah Potter was speaking at the launch of the television series of *Karaoke* and *Cold Lazarus*, which will be shown on both Channel 4 and BBC1 in response to Potter's dying wish. *Karaoke* starts on BBC1 on 28 April and *Cold Lazarus* runs on Channel 4 from 26 May.

Karaoke is the story of Daniel Feeld, a writer given months to live, who believes the characters in his latest film are coming alive around him. Before he dies Feeld — played by Albert Finney — freezes his head.

Cold Lazarus, set in 2368, details attempts to reactivate it. Potter's own last months were particularly painful because his wife, Margaret, was also diagnosed as having terminal cancer. Potter survived

Albert Finney: Starring role

her by a week before he died in June 1994.

His daughter said: "Those days were almost unreal. Watching Dad, we knew it was harder for him to bear mother's demise than his own."

Finney said: "We all wonder how we would handle such a situation if we were told we only had weeks to live. I'd probably lock myself in Ockbins [the wine merchants] or fly off to some exotic spot."

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£10,000-24,999	3.25	2.60
£5,000-9,999	2.75	2.20
£2,000-4,999	2.65	2.12
£1,000-1,999	2.55	2.04
£500-999	2.45	1.96
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£10,000+	1.75	1.40
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3.00	2.40
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Cuts hit status of UK universities abroad

JUDITH JUDD
Education Editor

British universities, long regarded as the best in the world, are in danger of losing their international status in research, according to a report from four leading academics published yesterday.

Research money will have to be concentrated in a few elite universities if British research is to keep its credibility abroad, claims the controversial report from the British Academy, the Conference of Medical Royal Colleges, the Royal Academy of Engineering and the Royal Society.

They acknowledge that this will be unpopular but argue that it is inescapable given funding restrictions imposed by the Government.

Britain's research capability, they conclude, is already crumbling. In 1993 we spent just 2.1

per cent of GDP on research and development compared with 2.8 per cent in Japan and 2.7 per cent in the United States. Germany and France also spent a higher percentage of GDP than Britain.

"We hold a bottom position, suggesting that the UK research base is underfunded when viewed on the international stage," says the report.

Meanwhile, increasing staff-student ratios are cutting the time academics have for research. Funding per student fell by about 20 per cent in the five years up to 1993-4.

The environment for high-quality research is also in decline as libraries, equipment and buildings deteriorate. The report comments: "Our best researchers should not feel that the only way they can find an environment in which they can do top class work is to go abroad permanently."

The report says it has become increasingly difficult for new fields of research to establish themselves. The concentration of funds has already begun

with 54 per cent of all research income going to 15 universities.

A spokesman for the Association of University Teachers said he agreed with the report's conclusion about funding difficulties but strongly opposed the idea of more selectivity which would deprive many talented researchers of funding.

"We should like to see the available money spread more thinly. More concentration would affect our ability to recruit the best brains in the university system. If they can't get a place here, they will go to California or Boston."

But the Committee of Vice-Chancellors and Principals welcomed the report. A spokesman said: "There are so many good ideas and so little money that we have to make sure the money is not being spent on second-rate ideas. It may be regrettable but is inevitable in the present funding situation."



Light-footed: Benazir Husseini and Jonathan Cope during rehearsals for *Illuminations*, part of the Frederick Ashton triple bill performed by the Royal Ballet, which opened at Covent Garden last night. Photograph: Laurie Lewis

Jail staff 'left suicide-risk inmate alone'

HEATHER MILLS
Home Affairs Correspondent

A suicidal woman suffocated herself soon after admission to Holloway jail in north London, after a prison officer dismissed police warnings and staff left her alone for 90 minutes.

Claire Bosley, 34, killed herself by stuffing toilet tissue down her throat and blocking her airways – a successful repeat of one of three earlier attempts she had made in her life in the previous 72 hours in police custody.

But despite both a telephoned and written warning from police that Mrs Bosley posed an "exceptional risk" of suicide, the senior reception officer at Holloway reached a different conclusion. Yesterday Pauline Martindale, told a London inquest into Mrs Bosley's death: "My assessment was that, although she was distressed, she did not pose a major suicide risk. She did not give the impression she was in crisis."

Mrs Bosley – who apparently unknown to prison staff had been diagnosed as suffering paranoid depression – was placed alone in a holding room in the prison reception area. She went to an adjacent lavatory and thrust five sheets of toilet tissue down the back of her throat. Professor David Bowen, the pathologist, said she would have had to have been determined in order to overcome a natural impulse to gag.

Her absence went unnoticed for 90 minutes as prison staff checked in and processed three other prisoners admitted to the jail after her. Mrs Bosley had been arrested and charged last November after confessing to stabbing her husband, Barry, to death.

A police psychiatrist, who had been called to see if Mrs Bosley was fit to be questioned, had decided she had been depressed

since May, when she suffered her second ectopic pregnancy, leaving her unable to have any more children. He believed she had developed a morbid jealousy of her husband and decided that because of the nature of her offence – and her mental state – the best place for her to be was in a prison hospital.

She was remanded to Holloway on 25 November, last year.

Her death, the second in the county's largest women's jail last year, occurred just one week before the Chief Inspector of Prisons walked out of the troubled prison in protest at the conditions.

Yesterday an inquest jury at the City of London coroner's court was told that since Mrs Bosley's death – the first to occur in the jail's reception area – those prisoners arriving with the red-ringed "Poi 1" written warnings from police are now held near an office where they can be supervised.

But Michael Ainsworth, Holloway's deputy governor, admitted that although staff were trained in suicide awareness, there were neither national nor local written protocols on what should be done, when "risk" prisoners arrive.

Pauline Martindale, who said she had worked at Holloway for 12 years, estimated that about 30 per cent of all women sent to Holloway arrive with a risk warning. On the Saturday of Mrs Bosley's reception there were only five staff on duty and three of those were dealing with two disruptive inmates.

Earlier, David Rummens, Mrs Bosley's brother had told the inquest how his sister, a secretary, had driven with her son to her parents' house and told them she had killed her husband in the bedroom of their home in Basingstoke, Hampshire.

The hearing continues today.

The NatWest 90's Prize for Art.

We're giving the winners a bigger canvas.



DAILY POEM

Four Haiku Poets

translated by James Kirkup

*Fresh grass in springtime:
on each cross, a soldier's name
and his country's name*

Yamazaki Hisao

*A beautiful boy –
easy come, but easy go –
thin ice in springtime*

Nagata Koi

*Have the forsythias
at Yotsuyamisuke
begun blooming yet?*

Kinichi Sawaki

*Leaving the castle,
one cherry blossom petal
still drifting on air*

Yamaguchi Seishi

They are by no means the whole of Japanese poetry, but haiku are the best known expression of it in the West, writes James Kirkup. Unfortunately English readers have been misled by bad translations that do not respect either the meaning or the form of haiku. For complete aesthetic satisfaction, the haiku even in translation should also be based on the 5-7-5 syllable pattern. As Auden once said to me: "Where's the fun of haiku if you don't obey the rules?" Alas, too many Western poets today have abandoned them. Haiku subjects can be grim, sordid, ugly, shocking: but the form transcends the theme. War, sickness, madness, death, natural disaster all find their place in this poetic art. The oldest haiku poet living in Japan is Nagata Koi, now 96 years of age, who survived the Kobe earthquake.

James Kirkup is President of the British Haiku Society. His *A Certain State of Mind: An Anthology of Classic, Modern and Contemporary Japanese Haiku* is published by the University of Salzburg Press.

This year's overall winner, Sara Raphael, receives a cheque for £20,000 in recognition of her interpretations of the Australian Outback. However, every winner receives something almost as precious: the chance to hang their work in one of the art world's most distinguished galleries.

The work of this year's five winning artists will be on view at the Royal Academy from the 16th to the 19th of April.

NatWest
More than just a bank

news

Judges told to dispel 'aloof' image

Judges were told yesterday to shed their crusty image and start speaking out publicly to show they were in touch with ordinary people.

The Lord Chief Justice said it was up to the judiciary to prove they did not "live on another planet" and be prepared to air their views.

Lord Taylor warned that criticism of the court system was reaching new heights after decades of apparently aloof behaviour by the judiciary.

He told a conference at St Al-

bars, Herefordshire, that the media was scrutinising court cases as never before — often pushing reporting rules to the limit. "TV, radio and newspaper critics do not shrink from substituting their assessments for those made by the court. They lambast the judiciary for failing to satisfy what they conceive to be — and indeed aim to shape as — the public's demands," he said.

"A legacy from past reticence is that judges have acquired and still retain a reputation for being aloof and

for holding themselves apart. The media often couple this perception with allegations, not borne out by the facts, that judges are out of touch.

"No doubt at one time it was acceptable for judges to restrict their pronouncements to giving judgment or passing sentences, but the shift in public attitudes under the growing influence of the media calls for a different approach.

"It is simply no longer sensible to remain silent when so much attention, much of it high-

ly critical, is focused on courts and the judicial process. In the absence of any reply it would be assumed against the judges that they were so arrogant and complacent as to believe they could ignore criticism or that they had no good answer to it."

Lord Taylor said judges should on occasion be prepared to speak out and be ready to answer criticisms and explain policies. "If judges do speak out on topics which concern the public they may overcome the widely held belief

stemming from all those years of lofty reticence, that they are out of touch or even, as has been said, living on another planet.

"It should not be done too often, but it can and does have a role to play in the evolution and development of a sound legal system in which the public can have confidence."

Judges have theoretically been free to speak out on matters of public interest since the Lord Chancellor scrapped "vow of silence" rules in 1987.

With few exceptions they

have chosen to stick to their traditional role of restricting their remarks to judgments made in court and relying on the media to give a balanced view of the case and the reasons behind sentences. Lord Taylor said curbs on the media could be necessary to "deter gross excesses" and courts could play a part in heading off inaccurate or misleading reporting.

Judges were now prepared in certain complex cases to issue written summaries of their findings aimed at explaining judge-

ments to the public through the media. But he again rejected pressure for television cameras to be allowed in courts as stressful to witnesses, potentially damaging to justice and likely to generate the kind of media circus that marked the OJ Simpson trial in the United States.

Lord Taylor, who took up the

post four years ago, has led the

way in making his views public

'Red hot' video led to sack from fire service

A firefighter was sacked after making a "hard-core" pornographic video with his girlfriend which joked about the fire service, an industrial tribunal was told yesterday.

Sub Officer Mark Gregory, 26, is heard in the film telling the woman to say "what do you think of the firemen now" and "this one's for Red Watch".

Mr Gregory, of Nuthall, Nottinghamshire, was sacked for gross misconduct from Nottinghamshire Fire and Rescue Service last August after copies of the video were circulated and shown in at least five fire stations across the county.

The Nottingham tribunal heard Mr Gregory made the film in a hotel in West Bridgford, Nottingham, with his girlfriend in March last year.

Assistant Chief Fire Officer Trevor Newton, who investigated the case and watched the video, told the tribunal that Red Watch had later been shown the film. He said: "This was clearly a reference to the fire service."

"I saw a considerable part of the video. It was very pornographic in nature and quite clearly featured Sub Officer Gregory. I recognised him straight away. He appeared in the video with a girl called Janine. He was quite clearly directing this young lady as to what to do and where to go. It was not a soft glamour type video, it was hard-core pornography by any definition, confirmed by the police vice squad."

The references to the fire services "clearly suggested it was for more than private use".

Mr Newton said one officer had told him Mr Gregory had said he intended to "make a lot of money out of it".

He also claimed that Mr Gregory had distributed copies of the video to two colleagues — committing a criminal offence, although he had not been charged with a criminal offence — and had spoken openly about the film in particular to a number of women working in the fire service.

Mr Gregory admitted the film was pornographic but is claiming he was unfairly dismissed. He claims the fire brigade breached its regulations in dismissing him, its investigation of the facts was insufficient and he was never given written reasons for the dismissal. The former officer, who served with the brigade for eight years, said the video was intended to be private. He said: "I made the film off duty, in my own time and I was not in uniform."

He said that he only made copies after two friends asked for these and he intended the soundtrack to be erased and replaced with music.

The hearing continues today.

Better English for the young

JUDITH JUDD

Education Editor

Foreigners take more pride in improving their spoken English than English people do, Trevor McDonald, ITN newscaster and chairman of the Better English Campaign, said yesterday.

Announcing plans to help young people speak and write better English, he said: "We are cursed by the tendency to take English too much for granted. To me it is extraordinary that we should neglect English when many people round the world are rushing to learn it." Other countries were more conscious of the power of language.

The campaign, which costs the Government £250,000 a year, plus the salaries of two civil servants, was launched by Gillian Shephard, the Secretary of State for Education, at last year's Conservative party conference. Campaigners have sent out leaflets urging people to host Scrabble contests or set up word challenges as part of their local pub quiz to improve the nation's English.

Employers will be sent leaflets urging them to sponsor public speaking competitions, or campaign weeks on local radio. They will also be asked to explain to unsuccessful job applicants if their rejection was due to poor English. Firms which want to become Better English employers must agree to promote the campaign's aims in staff recruitment and training and to offer interview practices in local schools and colleges.

Mr McDonald was surprised to discover that many people were arriving at university ill-equipped to express themselves in both spoken and written English. However, he emphasised that he was not asking schools to shoulder the blame for the lack of basic communication skills among school leavers.

"There are people who do very well at school who still lack the skill to present themselves in a job interview," he said.

Culloden marks another milestone in myth

James Cusick
reports on the war of words 250 years after the bloodiest battle

The last sanctioned attempt at "ethnic cleansing" on British soil will be remembered today.

The 250th anniversary of the battle of Culloden, where Charles Edward Stuart's Jacobite army were slaughtered by government forces under the command of George II's younger son, has prompted a re-evaluation of the battle's importance. The Scots trounced by the English? A tragic civil war?

In a new exhibition at the National Trust's visitor centre at Culloden, near Inverness, the Duke of Argyll, and Atholl, whose ancestors fought on opposing sides, have offered evaluations of the battle. Their views indicate the debate may have another 250 years to run.

Culloden, or more accurately Drumossie Moor, was the end of the 1745 Rising. Bonnie Prince Charlie, the Young Pretender, had landed at Moidart on Scotland's west coast in July 1745. His aim was to reclaim the British Crown for his father.

If the background was that simple there would be far less poetry and myth written about Culloden. "Something was cut down here, which never grew again," wrote Neal Ascherson in the *Independent on Sunday*. Like the revisionist Jacobite music which is still played, and worn to, in Scottish folk clubs throughout the tartan diaspora, Culloden is the last time Scotland tried, and heroically failed, to regain nationhood. But separating myth and martyrdom from reality is not easy.

The historian Professor Christopher Smout, now retired from St Andrews University, believes Culloden should stand for the tragedies of all civil wars and the 250th anniversary could have been used to build an international monument to those, like the people of Yugoslavia or Rwanda, who have suffered in such conflict.

The 1707 Union of Scotland and England, the death of the last of the Stuarts, Anne, in 1714, and the Hanoverian accession, are all part of the Cul-



Fighting talk: Mark MacKenzie, left, and Graeme De Sainte Croix enact a clash between the Duke of Cumberland and Prince Charlie on the 250th anniversary of Culloden; and right, clansmen remember the fallen with flowers. Photograph: Peter Jolly

oden legend. With the Stuarts exiled, Scotland was divided between Roman Catholic and Episcopal and the "established" Presbyterian church, divided between the Highlands and the mercantile classes of Glasgow and Edinburgh. And crucially, even divided by clan into pro-government and pro-Jacobite.

Charles Stuart, if history is to be kind, found himself in the right place at the right time. Scotland was caught neatly in the middle of Europe's turning power struggle. He believed that if won brave hearts in Scotland the French would assist him in England. Just over 6,000 Scots formed the Jacobite army that went as far as Derby. Culloden was the bloody end as the Bonnie Prince retreated

north. If he had gone on would the French have helped him take London? That is another myth in the tragedy of Culloden.

However, Professor Smout believes Culloden means a little bit more than the last fling of Gaeldom. There were Gaels in both armies. And throughout Scotland there were many who were cynical of the high politics of the time.

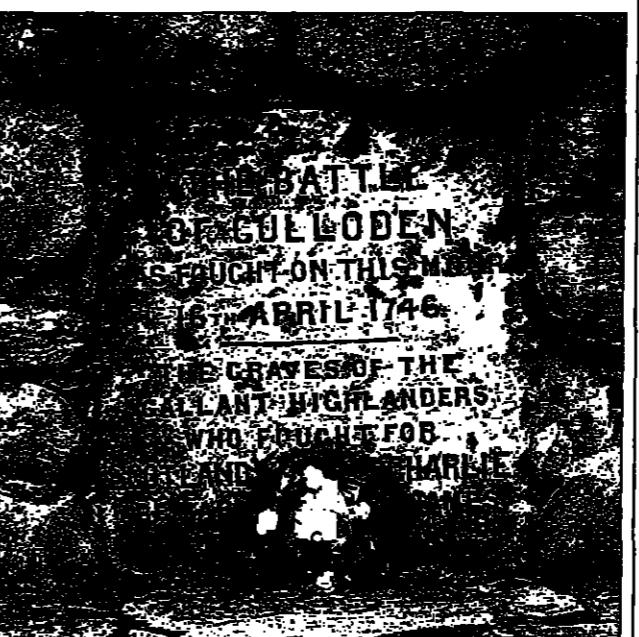
The slaughter at the end of the 40 minute battle is another unsubstantiated aspect of the conflict. But Professor Smout believes Cumberland's hatred of the Scots meant "more than just a nod and wink to his officers" to carry out the slaughter of around 1,500 out of 4,500 who faced Cumberland's 9,000 troops and heavy artillery.

The Duke of Atholl believes the new Culloden exhibition is remembering a civil war. The 1707 Union, he says, "ranked with many Scots, who felt they had lost control of their own affairs", and the Jacobite risings tried to effect a cure for the loss.

While going along with the notion of civil war, the Duke of Argyll, the head of the Clan Campbell, disagrees on everything else. "The vast majority of the Clan Campbell fought staunchly for the Hanoverian Succession and the Protestant faith ... I am profoundly thankful that he [the Bonnie Prince] never got to the British throne."

As they omit to say in the history books, this one is set to run and run.

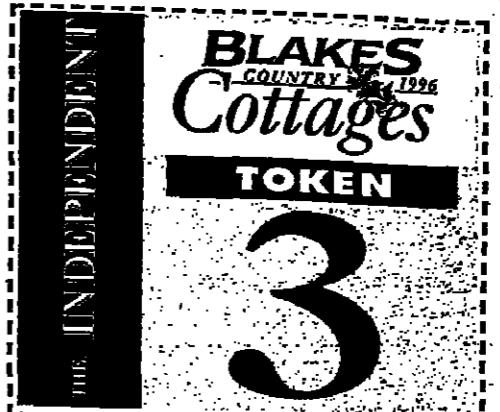
Andrew Marr, page 15



Pictured is Waunifor House, Teifi Valley, Wales. Waunifor is a small country estate of 5 acres situated in the unspoilt countryside in the lovely Teifi Valley. Waunifor consists of a country house, coach house and cottages built of Welsh stone during the 18th and 19th centuries, recently converted to provide comfortable accommodation. The market towns of Carmarthen and Lampeter are close by, as well as the Cardigan Bay coast which is dotted with pretty fishing villages.

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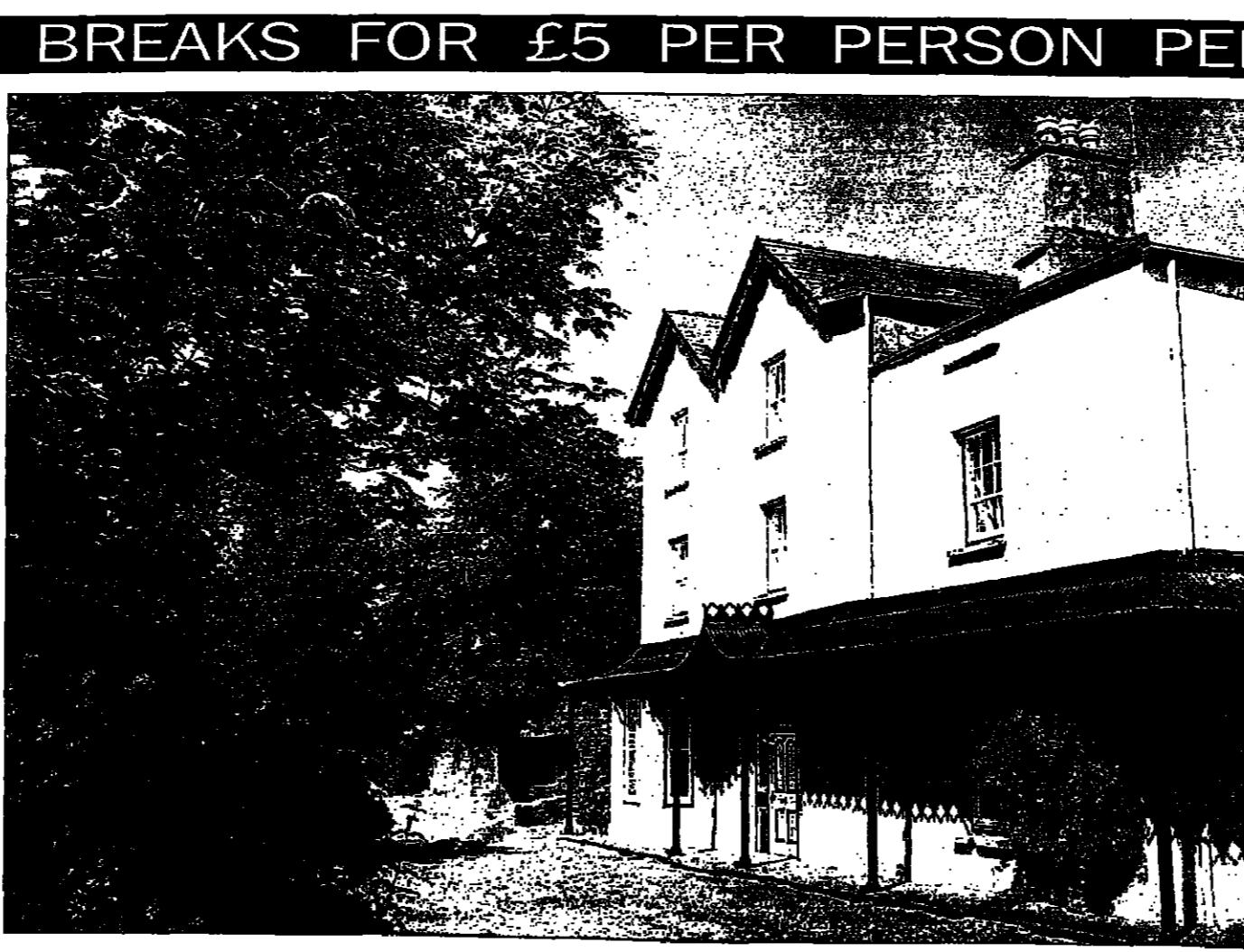
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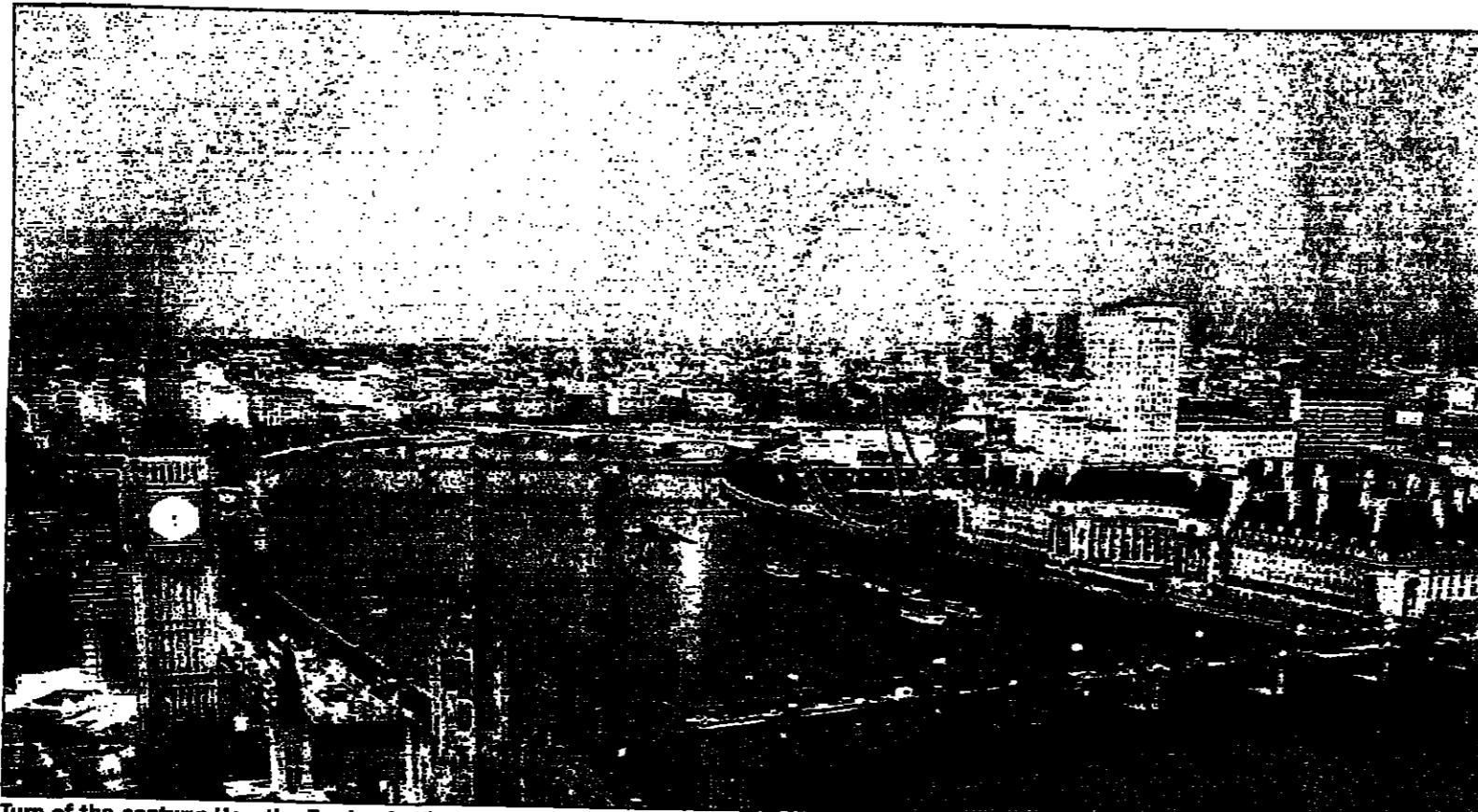
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Red hot video led to sack from fire service

South Bank regeneration: Lottery grant for £40m National Theatre repairs as private sector backs 500-ft millennium skyride



Turn of the century: How the Ferris wheel will look on London's South Bank. The project will cost £10m and will be completed by 1998

Schools to face teacher shortage

FRAN ABRAMS
Education Correspondent

Schools will face massive teacher shortages before the end of the decade, it was revealed last night. The profession needs an injection of new blood to meet a rise in pupil numbers but the number of applicants is falling dramatically.

An extra £10m is to be put into recruitment campaign in the next year, but the initiative is unlikely to prevent a major shortfall. Ministers have promised to increase the number of teacher trainees from 20,000 to 30,000 per year in the next four years. However, the number applying to become secondary teachers has dropped by 12 per cent since this time last year and it seems that the profession is waning in popularity.

Last night experts in the field said young people were being put off applying by their own teachers, who were telling them to avoid teaching at all costs.

The problems of poor wages and low morale which have dogged the profession for years were now being compounded by a spate of redundancies and early retirements, they said. Many schools have got rid of older, more expensive staff because of cuts. In the past new entrants had often cited job security as an advantage of going into teaching, but now they were unsure even about this.

Another possible explanation is that Britain is coming out of recession and graduates had more chance of finding a job in another, more lucrative field.

At the beginning of this month, just 15,000 people had applied for places on post-graduate courses for secondary school teachers, compared with 17,000 at the same time last year.

In shortage subjects such as maths and sciences, the situation was much worse. In physics the number had dropped by 37 per cent from 470 to 300 and in maths it had dropped by 28 per cent to 1,060.

Some areas were more healthy, with applicants for

physical education teaching rising by 13 per cent to almost 1,000, and the total applications for primary school teaching up 3 per cent to 12,300.

Anthea Millett, chief executive of the Teacher Training Agency, which oversees recruitment initiatives, said there might be a late surge in applications during the summer term, but admitted that the real problems would come at the end of the decade.

"We recognise that we will have a shortfall in subjects which are difficult to recruit to, but the real issue is what new strategies we put in place to secure a better situation at the time when we will have difficulties," she said.

However, teacher trainers said last night that the profession's image had hit rock bottom and the Government was doing little to put the situation right. Ted Wragg, professor of education at the University of Exeter, said he had been predicting a crisis in teacher recruitment for three years but ministers had taken little notice.

Almost all the students who came for interview at Exeter had been put off teaching by its poor image and many had been advised by experienced teachers to do something else instead, he said. One young woman had met her old head teacher in the street and had told her of her intention to become a teacher. The head had replied that she must be mad and that if she had her time again she would not go into teaching.

"In the past people thought teaching might pay lower salaries, but at least it was a secure and fulfilling job. Now people feel it is still badly paid and a number of teachers have been fired," he said.

David Blunkett, Labour's education spokesman, said figures illustrated the Government's failure to plan for the needs of schools. "It is vital that we do all we can to attract good graduates into the profession so that these shortages can be tackled before they hit hard," he said.

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Airline funds world's biggest Ferris wheel

MICHAEL STREETER

Plans to build the world's largest Ferris wheel on a site overlooking the River Thames and the Palace of Westminster will in effect be given the go-ahead tomorrow with the announcement of funding by British Airways.

The 500ft-high Millennium Ferris wheel is expected to cost £9.5m and should be revolving by 1998 in Jubilee Gardens, next to the old County Hall.

The wheel is the latest move in the regeneration of the South Bank, coinciding with the National Theatre winning £31m in lottery money this week from the Arts Council for renovation.

Ironically, the Ferris project will not receive any lottery funding. Instead MPs will be soon able to gaze at a triumph for private finance as British Airways is expected to an-

ounce tomorrow that it will provide the bulk of the funding.

An estimated two million visitors a year will be treated to panoramic views of London as they travel at a gentle 1.5ft per second. A round trip will take about 20 minutes and will cost between £3 and £5.

More than half the energy needed to propel the wheel will be provided by the river Thames's tidal power, while the 60 all-weather cars will be lit and heated by solar panels.

The scheme is the idea of the London-based architects David Marks and Julia Barfield, regarded as among the most innovative of their generation. Mr Marks has said: "We wanted to come up with something that wasn't just another dumb monument." But yesterday he was reluctant to talk before this week's announcement.

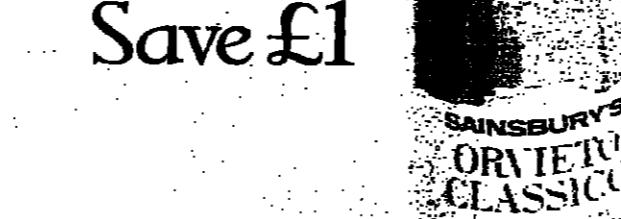
Final approval is expected in June from Lambeth council, in whose area the development will take place. The creators plan to keep the wheel there for five years and then move to a permanent site.

However, the giant wheel is not without critics. Lord St John of Fawsley, the former Cabinet minister and now chairman of the Royal Fine Art Commission, has attacked it as "wholly unsuitable for this part of London".

Meanwhile the Arts Council is due to announce a £31m lottery grant to the National Theatre. Theatre officials have been reassured it will get the money for £42m repairs to the front of house, backstage and roof. This will be dwarfed, however, if the South Bank succeeds in an application for £127m to spruce up the Royal Festival Hall, reigniting the controversy over elitist lottery grants.

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8 international

Trojan gold fuels rift over war treasures

PHIL REEVES

Moscow

To the considerable irritation of Germany, the Russians will today unveil one of the most breathtaking archaeological finds in history – a collection of gold from ancient Troy, which the Red Army seized in Berlin at the end of the Second World War.

More than 250 pieces unearthed by a German amateur archaeologist will go on display in Moscow for the first time, despite repeated German claims that the treasures belong to them and ought to be given back.

"I think it is a step towards normality that these things are now, after 50 years in hiding, finally surfacing again," he said. "But I would not say this is a matter for rejoicing."

The German embassy was a little more forthright. It issued a statement lamenting that the issue had arisen "when German-Russian relations are especially close and built on trust and when Germany regards itself as the best partner of Russia".

The signs are that much of it will stay in Russian hands for a while yet. Asked about the prospects for the return of King Priam's gold to Berlin, Mr von Studnitz replied gloomily: "I am not optimistic."

covered in 1873 – Heinrich Schliemann – was convinced it belonged to Priam, the King of Troy who featured in Homer's *Iliad*. Experts have since dated it to long before Homer – some 2500BC.

Yesterday, Germany's ambassador to Moscow, Ernst York von Studnitz, was putting on the bravest face that anyone could be expected to wear, given that he was contemplating billions of pounds worth of sparkling treasure – from basket-shaped gold earrings to a solid gold gravy boat – that his country lays claim to.

Russians have tended to argue that their haul of priceless treasures from Germany is rightfully theirs, as restitution for the colossal damages and losses inflicted by the Nazis. The Soviet Union under Stalin – which saw at least 500 museums destroyed by Hitler's army – set about gathering booty methodically. Art experts were dispatched to Germany with specific orders to collect art, and to arrange for its shipment back to the Soviet Union.

The signs are that much of it will stay in Russian hands for a while yet. Asked about the prospects for the return of King Priam's gold to Berlin, Mr von Studnitz replied gloomily: "I am not optimistic."



Priceless: A Russian journalist admires a solid gold sauceboat, part of the Trojan collection, at the Pushkin Museum yesterday

Photograph: Sergei Karpukhin

Governor must go, say defiant islanders

PHIL DAVISON

Local politicians in the Turks and Caicos Islands have accused Britain of threatening the Caribbean islands with military intervention and reiterated their demand that the British Governor, Martin Bourke, be recalled.

It was Sir Nicholas Bonson who rejected that demand earlier this month, when a Turks and Caicos Islands delegation visited Whitehall.

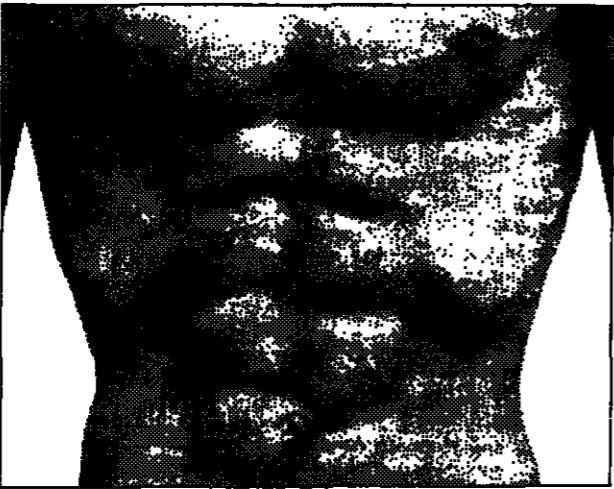
Reiterating their demand, the local politicians told Sir Nicholas: "We were left utterly dismayed by Her Majesty's Government's handling of the people's petition and more so by HMG's actions in this matter, including attempts at portraying the leadership and people of the TCI as violent and lawless, resulting in the deployment of a British warship off the TCI."

Sir Nicholas reportedly insisted that the vessel, believed to be the frigate HMS *Brave*, was in the area for reasons unconnected with the crisis over the Governor. He also repeated Britain's position that Mr Bourke would not be recalled.

Governors generally stay a minimum of three years but their assignment is open-ended "at Her Majesty's pleasure". The previous governor was in the TCI for six and a half years. Mr Bourke's three-year minimum, with holiday time, will be up in September and there are rumours in Whitehall that his assignment will end soon after.

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French rust belt provides ready recruits for Islam

Mary Dejevsky in Roubaix sees the appeal that religion has for a 'betrayed' generation

dent all is far from well. It has the look of every unhappy French city.

There is a profusion of graffiti and litter; listless gatherings of poorly dressed young people, many of them brown, fewer black and white; streets of boarded-up shops; elderly people scuttling along the inside edge of the pavement with modest bags of shopping.

Three weeks before, the city hit the headlines with a chain of events that began with a car bomb outside police headquarters and ended with a chase, shoot-out and hostage-taking in Belgium.

In between, there had been a siege and gunfight in the city's grim backstreets in which four men were killed, two policemen injured and a house gutted. Automatic weapons and grenades, along with fundamentalist Islamic literature, were found in the ruins.

To Roubaix's detractors, who already regarded it as the distillation of almost every French ill – industrial decline, unemployment, immigrant ghettos, the spread of Islamic fundamentalism, drug trafficking, violence – here was proof.

But the first response from the authorities was soothing, along the lines of: "Just a spot of gangsterism; it's all over now."

The second response evinced anxiety verging on panic: links between this violence and Islamic fundamentalist terrorism could not entirely be ruled out, said Jean-Louis Debré, the Interior Minister. After years of neglect, Roubaix had become a national concern.

The usual approach to Roubaix from Paris is by the recently completed tramway from Lille. From there, it is hard to believe everything that is said about the town: there are landscaped parks, broad green verges and large houses, reminiscent of solid Victorian suburbs in Britain.

However, as the tram reaches its terminus, two minutes' walk from Roubaix's central square and town hall, it is evi-

– it is said – very many more in cellars and converted back-rooms of houses. Islam has claimed even thoroughly French converts: two of those killed in the recent shoot-out were of French origin, a fact that leaves officials and others struggling to find explanations.

Even so, the police and officials of the centre-right council in Roubaix are reluctant to accept the existence of any link between "racketeering", largely drug-related crime, and Islamic terrorism.

The drug problem is manifest and blamed on the proximity of the Belgian border (which runs through the edge of Roubaix), the liberal drugs laws in the Netherlands and unemployment. Roubaix's south-eastern suburb of Hem is admittably by all to be saturated with drugs.

The appeal of Islamic fundamentalism for disillusioned young people of immigrant parents is also conceded.

There were arrests in Roubaix, as there were in many large French cities, after the summer bout of Islamic terrorism in Paris and Lyons.

Islam supplies a purpose, a faith and an identity to second- and third-generation North Africans who feel let down by the French system.

In Roubaix, these young people are largely French citizens but they complain that they were never treated as "properly" French, never given an equal chance. Their parents' hopes, they say, were betrayed.

While the possibility of links between young Muslims in search of a purpose and criminal violence is something officials – locally and nationally – would prefer to minimise, local people and reporters take it almost for granted.

"Of course, many start off as idealists; they embrace Islam in an attempt to flee drugs and violence," a local reporter told me. "But they are used by others, including some Muslim clerics. They need funds for their 'holy war' and all means to acquire them are good."

According to this theory, the link between organised crime and Islam, if not already proved, is only a matter of time.

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news

Hizbollah continues to fire rockets as Israel orders 30,000 Lebanese villagers to leave home or face attack

Talks left to US as Israel carries on attack

Syrians seen as key to ceasefire

PATRICK COCKBURN
Jerusalem

Israel ordered a further 30,000 Lebanese villagers to leave their homes or face air and artillery attack yesterday as Katyusha rockets fired by Hizbollah, the Lebanese guerrilla movement, continued to fall on northern Israel.

Israel expects the US to begin diplomatic moves to put pressure on Syria to curb Hizbollah and set the stage for a ceasefire. There are doubts in Jerusalem, however, that President Hafez al-Assad of Syria will be willing to do this.

Despite Israel's overwhelming military superiority Hizbollah is still firing salvos of rockets into northern Galilee, where they cause few casualties but have led much of the population to flee or live in shelters. Three Israelis were injured yesterday and five were treated for shock.

Shimon Peres, the Prime Minister, has promised to stop the firing of Katyushas but this may not be feasible by use of air and artillery alone. "This has to be decided on the ground," says Dr Dore Gold at the Jaffee Centre for Strategic Studies at Tel Aviv university. "It cannot be decided by air power and videotapes [taken by attacking aircraft].

The key to resolution of the crisis is Syria, says Dr Gold. Israel denounces Iran as the hidden hand which controls Hizbollah, but this is largely because it has not wanted to demonise Syria with whom it has been negotiating a peace treaty in return for Israel relinquishing the Golan Heights. President Assad may not want to restrain Hizbollah until there is a final deal with Israel.

Major General Moshe

Ya'alon, the head of military intelligence, says that if Hizbollah's ability to fire rockets is diminished then it will strike at Israel with suicide bombers or hang gliders. He added that Iranian embassy staff in Beirut had left for Damascus. The Israeli press says senior officials in Israel have received signals from Damascus that it wants to see a new arrangement in south Lebanon. If no agreement is reached with Syria then there will be pressure on Mr Peres to use ground troops, something he says he is determined not to do. It was he who withdrew Israeli troops in 1985 from all but the far south of the country.

The firepower available to the two sides is very unbalanced. A spokesman for the UN peace-keeping force said Israeli gunners pumped 3,000 heavy artillery shells into the south in a 24-hour period up to yesterday morning. Israel also launched 63 air raids. Hizbollah kept up a steady barrage of rockets over the frontier, wounding three Israelis. Of the 28 people killed on both sides in the last week only one has been an Israeli, a soldier killed in south Lebanon last week.

In Jerusalem Mr Peres said he was not ready to negotiate an end to Operation Grapes of Wrath. "It is too early to negotiate," he said when asked what were Israel's conditions for an end to the fighting. "The time is always right for a political initiative." Mr Peres added. "I am not going to offer but I think that there are other parties that will offer and we shall have a good look at it."

The conflict has so far much improved the chances of Mr Peres winning the election on 29 May. He regularly appears in a blue, military-style jacket. It is now difficult for Binyamin



A lone fireman tackles a blaze in the southern Lebanese town of Nabatiyah following Israeli artillery attacks

Photograph: AP/Mohamed Zatah

Civilians the main casualties in toll of death

Since Israel opened its bombardment of Lebanon last Thursday, 23 Lebanese civilians have been killed and at least 80 wounded. In the previous three days, a Lebanese teenager and an Israeli occupation soldier were killed and 13 Israelis wounded. Since the start of the Israeli assault, not a single Israeli soldier or Hizbollah guerrilla has been reported killed. Among the Lebanese civilian victims are: Khatija Deeb, 27, an unidentified male of about 60; Rima al-Youssef, 2; Rana al-Youssef, 12; Lara al-Youssef, age unknown; Ibtissam al-Youssef, 13; Ghofran Karim, 25; Ali Monem, about 100; Hussein Monem, 18; Wajeb Monem, age unknown; and Absha Shaishou, 35 – all killed by Israeli shelling on the village of Yohmoh, in the southern Bekaa valley. And Mahmoud Daher, 90; Mariam Geha, one month; Honein Geha, 3; Zieneh Geha, 7; Houdou Alakleh, 11; Noha Alakleh, 35; and Mona Shweili, 35 – all killed in an ambulance attacked by Israeli helicopter at Hannieh, southern Lebanon.

EU states angered by France's solo search for ceasefire

JOHN LICHFIELD



European governments were struggling yesterday to find a common response to the bloodshed in Lebanon after France began an apparently doomed attempt to broker a ceasefire single-handed.

There was thinly disguised irritation in other EU capitals that Paris had ignored the machinery of common European foreign policy-making, and dispatched its Foreign Minister, Hervé de Chirac, to Israel, Lebanon and Syria.

Senior foreign ministry officials from the 15 EU countries were meeting in Brussels yesterday to try to prepare some kind of common statement or initiative for a meeting of European foreign ministers in Luxembourg next week.

One EU diplomat told Reuters that the unilateral French action would "go down like a lead balloon, not because of any jealousies but because the French move is hollow. There's nothing in it."

The French intervention received a similarly discouraging response in Israel itself.

Asked by journalists what his conditions might be to end the five-day rocket and artillery bombardment of Lebanon, the Israeli Prime Minister, Shimon Peres, declared: "It is too early to negotiate."

Some French commentators also criticised their government's decision to go it alone.

Lebanese government. The cautious Foreign Office statement contrasted, in tone if not in substance, with remarks made by the Secretary of State for Defence, Michael Portillo, who began a long-scheduled visit to Israel yesterday. Mr Portillo placed the entire blame for the civilian exodus from southern Lebanon on Hizbollah, which, he said, had fired its rockets at northern Israel from the heart of civilian areas.

"It is the right of every country to have security and defend herself..." Mr Portillo said. "I don't believe that Israel wishes to kill any civilians and for that reason civilians have been withdrawn for their own security."

The US response to the fighting remains low-key, with the Secretary of State, Warren Christopher, telephoning his Syrian counterpart, Farouq al-Sharaa, the Israeli Foreign Minister, Ehud Barak, and Lebanese leaders. But President Clinton, engaged in a round-the-world tour, has shown no sign of willingness to dispatch Mr Christopher or another senior official to the region.

The White House spokesman, Mike McCurry, told reporters accompanying the President: "Obviously our goal is to see what steps can be taken now to restore calm to the border and to minimise the violence which is affecting citizens on both sides of the border."

Whether in Jordan, which has normal diplomatic ties with Israel, or in Saudi Arabia, press comment and cartoons carry a similar message. "The children of south Lebanon call upon the powerful leaders of [last month's anti-terror summit in] Sharm el-Sheikh to lift their suf-



Michael Portillo (right), who is visiting Israel, with Shimon Peres yesterday

Photograph: AFP

Press highlights children's plight

ADEL DARWISH

Pro-Western Arab leaders who urged peace with Israel are being pressed to adopt a tougher response to Israel's attacks, as public opinion, which is increasingly sympathetic to the Iranian-backed Hizbollah's attacks on Israel, seeks collective Arab action.

Whether in Jordan, which has normal diplomatic ties with Israel, or in Saudi Arabia, press comment and cartoons carry a similar message. "The children of south Lebanon call upon the powerful leaders of [last month's anti-terror summit in] Sharm el-Sheikh to lift their suf-

fering," the London-based *Al-Hayat* declared.

A cartoon in the Saudi-owned *Asharq al-Awsat* accused Israel's Prime Minister, Shimon Peres, of hitting Lebanese children to further his electoral chances.

Many papers highlighted the call by Lebanon's Prime Minister Rafiq el-Hariri, to President Hosni Mubarak of Egypt to use Cairo's 17-year-old diplomatic ties with Israel to stop the attacks. Mr Mubarak is embarrassed, because of accusations that he was naively optimistic about peace talks between Israel and Syria. Mr Mubarak, whose security forces

Islamic extremists, has been accused by the opposition of allowing Israel to subject the Arab people to its rule.

The Egyptian Foreign Minister, Amr Moussa, has cancelled a trip to Turkey. Officially, he needed to stay in Cairo for tomorrow's emergency meeting of Arab League foreign ministers. Privately, diplomats say it was a gesture of support to Syria, which bitterly attacked a Turkish-Israeli accord allowing Israel to use Turkish air space and, perhaps, its bases for military training.

Powerful players like Egypt and Saudi Arabia, which compete for the leadership of both

the Arab and the Muslim worlds, encourage their official or semi-official media to condemn Israel's action. No paper, however, has criticised attacks against Israeli civilians by Hizbollah fighters who are referred to in most Arab media as "Lebanese resistance."

Diplomats agree Syria holds the key to settling this round of violence, but "no single Arab nation attending tomorrow's emergency meeting of Arab League foreign ministers in Cairo is expected to even ask Syria to pressure Hizbollah to halt its attacks," said an Egyptian official yesterday, "while Israel remains an illegal occupation force in south Lebanon."

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"I don't think the operation will stop the Katyusha rockets," said Iwo, the owner of a delicatessen in Shama street in Jerusalem, writes Patrick Cockburn. "Only the Syrians can do that – the bastards."

Israelis overwhelmingly approve of the decision of the government to launch an air and artillery offensive in south Lebanon last week. Differences only emerge over the likely effectiveness of the attacks in achieving their declared aim of stopping the Katyusha attacks.

At the other end of the street, Elan, who manages a television and electronics shop, also believed that Israel's five-day-old Operation Grapes of Wrath would not alone prevent Hizbollah, the Lebanese guerrilla movement, from firing rockets.

"I think we are going to send in ground troops," he said. "I think we are going to do it after there is not a single Lebanese left in south Lebanon." He thought that this would ensure that there would be no Israeli casualties because "the shelling and bombing will have cleaned everything by then".

The popularity of the operation is explained by the fact that most Israelis see it as a defensive measure. This is not affected by the disproportion between the few dozen Katyushas fired by Hizbollah on a single day and the 4,000 shells fired by Israeli artillery over 200 airstrikes.

Regardless of how effective the operation is going to prove many Israelis simply want to hit back. "They shouldn't have let Hizbollah develop this chutzpah," says Shaul, who said that General Ariel Sharon should have been allowed to finish the job of pacifying Lebanon during the invasion of 1982.

Shimon Peres, the Israeli prime minister, says that the aim of the offensive is limited. As a result, there have been none of the protests seen during the 1982 invasion. To Israelis, Hizbollah is associated with Hamas and Islamic Jihad, the Palestinian Islamic organisations which carried out four suicide bombings in February and March which killed 63 people. All three movements are seen as a common enemy.

So far the war has been cheap for Israel. Israeli parents are not worried that their children will be killed. In Jerusalem there is little of the sense of emergency which was visible after the assassination of Yitzhak Rabin last November or after the suicide bombings earlier this year.

For most Israelis it is a television war. Electoral politics, too, plays its part. An assistant in Iwo's shop argued: "The war is geared to the election on 29 May."

Israeli and international television exaggerate the sense of threat felt by Israelis close to the border, because it focuses on the small number of people who were wounded or shocked by an explosion. After a rocket had hit a eucalyptus outside an apartment house he owned in Kiryat Shmona at the weekend, Yoel Spongin said: "Now look at these people who live here. None of them are crying." Nevertheless, the public mood could change. "What would have happened," asks Professor Israel Shahak, a political commentator, "if the Katyusha which hit the roof of that shelter had penetrated and killed all the children inside?"

JPF 16/4/96

international

'Golf War': Developers abandon plan to build new course after protester is killed and 18 are wounded in shoot-out with police

Mexico's battling peasants keep spirit of Zapata alive



PHIL DAVISON
Latin America Correspondent

Elderly Indian peasants in the Mexican state of Morelos truly believe local revolutionary hero Emiliano Zapata never died on 10 April 1919. Even though the Mexican army laid his body out in a town square after ambushing him, the superstitious peasants believed he had taken to the hills with his famous white stallion.

That is why the elderly sincerely believe Zapata was present last Wednesday, 10 April, when Morelos peasants were ambushed by police on a coun-

try road near the little town of Tepozlan. The outcome was gory: one peasant killed and 18 wounded. But the incident resulted in a peasant victory over big business of which the great moustachioed revolutionary had been proud.

The peasants were residents of Tepozlan, a small town 35 miles south of Mexico City and a stone's throw from Zapata's birthplace. Some were his direct descendants, others were sons of the men who fought alongside him during the 1910-17 revolution.

They had been heading in a convoy of buses to the town of

Cuernavaca, where Mexican President Ernesto Zedillo was giving a speech to mark the 77th anniversary of Zapata's death, traditionally a big day on the Mexican calendar. But the peasants had not gone to listen.

They had gone to protest against plans to build a golf course and tourism complex around Tepozlan, one of Mexico's most picturesque Indian villages, which they said would ruin the landscape, endanger wildlife, use up scarce water supplies and desecrate pre-Columbian burial sites.

They had occupied the town of 13,000 since last September.

erecting barbed wire barricades and taking over the town hall, after the developers began bulldozing the golf course to be designed by Jack Nicklaus's Golden Bear Course Management company. Local media billed the stand-off as the Golf War.

To prevent the protesters reaching the president, police were dispatched to block their path at the town of Tlaltizapan. After news of a clash emerged, not for the first time in Mexico, the police insisted they had been unarmed and that the gunfire must have come from the peasants. An amateur

video confirmed, however, that the police were armed and opened fire - demonstrating that Mr Zedillo still has some way to go in his pledge to improve his nation's human rights record. Six policemen have been charged with murder, 54 others with abuse of authority.

A 62-year-old Tepozlan resident called Marcos Olmedo was killed in the gunfire but his fellow-protesters now bill him as a martyr who did not die in vain. At the weekend, saying the violence had undermined investors' confidence, the developers ceded to the locals and called off the golf project. The

conditions no longer exist that would guarantee our investment," said a spokesman for the Grupo KS investment company. "But the land is legally ours and we will not give it up, although we don't know what we will finally do with it."

That suggested the conflict may not be finally over. But after their victory, the peasants appear to have the bit between their teeth.

Demanding justice for the victims of the shooting, they have vowed "to fight on" until the state government of Morelos resigns. The Golf War may yet become the Golf Revolution.



Jack Nicklaus: Company was to have designed the course

South Africa begins laying ghosts to rest

ROBERT BLOCK
Johannesburg

South Africa's official journey into its past, to try to heal the wounds of its conscience and come to terms with the brutality of its history, began yesterday amid a media circus in a crowded city hall in East London, in the Eastern Cape.

Journalists from around the world, a few prominent South Africans and many ordinary citizens packed the ornate colonial building for the historic event. They came to hear three women and one man - all of them victims of apartheid - bare their pain at the first public session of South Africa's Truth and Reconciliation Commission.

After lighting a candle as both a symbol of peace and to remember those who died in the struggle against apartheid, the body's chairman, Archbishop Desmond Tutu, reminded everyone why they were there.

"We are charged to unearth the truth about our dark past; to lay the ghosts of that past so that they will not return to

haunt us; and that we will thereby contribute to the healing of a traumatised and wounded people - for all of us in South Africa are wounded people - and in this manner to promote national unity and reconciliation."

It was the only attempt at eloquence on a day which really belonged to the first people to testify. Each seemed to have been chosen not only to represent a section of society which had suffered during apartheid but also to show the Commission's impartiality. There was the widow of a man killed in police custody, and two women whose loved ones disappeared after being arrested. And finally, there was a white man who was crippled by an attack by black anti-apartheid guerrillas.

However, the first testimony seemed to make the biggest impact, both on the people in East London and on those throughout the country, watching or listening to the live broadcasts.

Nohle Mohapi was calm, as she talked about the death in detention of her husband

Mapetla in 1976, the year student riots swept the country. Police said he had hanged himself in his cell with jeans.

But Mrs Mohapi's testimony did not begin with her husband's detention or even her own bouts of torture. It was full of the minutiae of life lived under repression. "I was full of hate when my husband died," she said. "I hated anyone who was a policeman. I hated them for the oppression. Now I want to share the difficult times."

Graeme Simpson, the director of the Johannesburg-based Centre for the Study of Violence and Reconciliation, commented that Mrs Mohapi's testimony was the best endorsement the Commission could have hoped for. She showed how the Commission gave victims a chance to not only tell their tale but also to restore their dignity.

Technically, the Commission has two years to exhume the truth of 30 years of apartheid. But that yesterday's hearing took place at all is something of a miracle. A bomb scare forced a brief recess in the middle of

Toni Lillian Mazzawi (left) is comforted by a well-wisher before giving evidence about the killing of her son, Ncedwele Mfedi (right) was to give evidence about the abduction and disappearance of her husband

Mrs Mohapi's testimony. It was a stark reminder of the depth of hatred many South Africans feel towards the Commission's attempts to steer a course through white demands for amnesty about the past and black demands for justice.

The idea of a truth commission has been dogged by criti-

cism since its very inception at negotiations to end apartheid three years ago. Afrikaners feared it masked a witch-hunt against whites. Apartheid victims believed it sacrificed justice for reconciliation. Black liberation soldiers bristled at the idea that their excess would be equated with crimes committed

by former government hit-men. Even more dangerous than a bomb scare to the continued proceedings are two court cases being brought today.

One case is being brought by families of prominent apartheid victims, including the widow of Steve Biko. They claim the commission's ability to grant in-

demunity to all perpetrators of human rights abuses who fully confess their misdeeds violates their internationally recognised right to seek redress through the courts.

The other case is being brought by perpetrators of human rights abuses who do not want their names divulged in hearing proceedings.

Mr Persani said his zoo badly needed the animals as its only giraffe was 20 years old, well past the usual lifespan.

"We asked for US military transportation as a last resort, after months of fruitless effort," he said yesterday.

US on alert as terrorist anniversary approaches

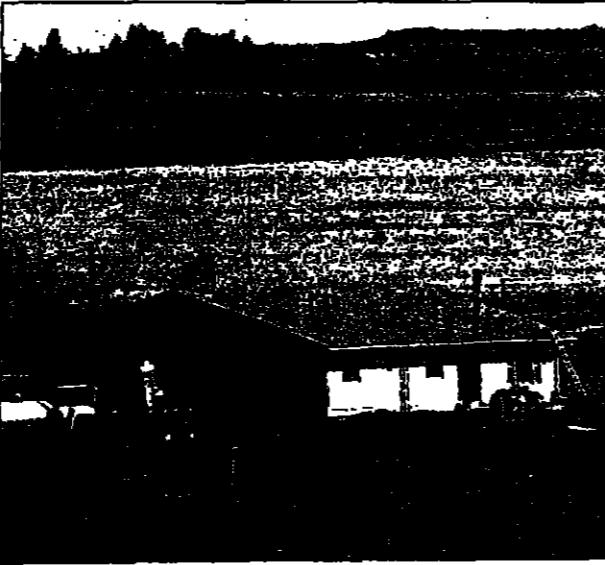
TIM CORNWELL
Los Angeles

US government buildings have gone on a heightened state of alert for this week's anniversary of the worst act of domestic terror in America's history.

It was a year ago on Friday that former soldier Timothy McVeigh allegedly planted the home-made truck bomb that exploded outside the Alfred Murrah government building, killing 168 people and injuring another 400.

There are no reports that the shadowy collection of so-called militia members, tax protesters, survivalists, white supremacists and others who denounce the US federal authorities plan a show of strength on 19 April. But one private centre in Atlanta that keeps track of some 12,000 names linked to the American far right insists that the threat of home-grown terrorism, far from receding since the shock of the bombing, has actually increased sharply in the past year.

"Unless we take decisive steps now to respond to this threat, it is only a matter of time before the country endures another nightmare like the Oklahoma City tragedy," wrote Morris Dees, chief counsel of the Southern Poverty Law Centre, in a warning letter to US Attorney General Janet Reno last week. In a new report the centre identifies over 800 right-wing "Patriot" organisations, including 44 so-called militias, said to be preparing for combat



Under siege: The remote ranch-house where leaders of the Freemen of Montana are being held at bay by the FBI

with the federal government.

Though numbers of members are hard to pin down it was Mr Dees and others who warned in the months before the Oklahoma City bombing of a rising security risk. Gauging the true threat from the American far right, whose anti-government war-mongering apparently inspired Mr McVeigh, is as elusive a goal as ever. But from Chicago to Nebraska, US authorities this week were discreetly reforifying government buildings with bomb-sniffing dogs and extra security guards.

Criminal intelligence officers in Ohio, the New York Times reported, circulated a letter to po-

lice chiefs and local sheriffs reminding them that 19 April is also the anniversary of the fire at Waco, Texas, in which David Koresh and some 80 cult followers perished. The cult had besieged the compound by federal agents as still a cause célèbre for militia activists and the gun-right lobby.

"It is for this reason that we recommend an internal alert for any possible violence on April 19th, 1996," the letter said, urging "all due caution".

The so-called militias sprang up across the US in 1994 promising to resist a conspiracy of tyranny emanating from Washington by force if necessary.

Soldier kills 14 in Indonesian airport

Jakarta (Reuters) - An Indonesian soldier ran wild and shot dead at least 10 military colleagues and four civilians yesterday at a remote airport in Irian Jaya.

Thirteen other people were reported wounded. The gunfire broke out at Timika airport when a plane carrying the bodies of two soldiers, believed to have been hacked to death by tribesmen, made a fuel stop.

The soldier, understood to be a friend of one of the two dead

men on the plane, was wounded in the leg by other soldiers who returned his fire near an army-run aircraft hangar.

Details of the shooting remained sketchy but the soldier had apparently been assigned to escort the bodies of the two soldiers killed at the weekend in the remote village of Mapunduma.

Jakarta-based diplomats said there was no apparent link between Monday's shootings and the rioting by local tribespeople

last month in the mining town of Timika; activists said the rioting underlined resentment towards settlers from other parts of Indonesia who, attracted by the mine, came to live in the town.

Timika and the surrounding area, overlooked by jagged peaks and surrounded by jungle, was tense but calm after the attack which took place at around which.

Eleven of the captives, including four Britons and two Dutch nationals, are still being held in the dense jungle.

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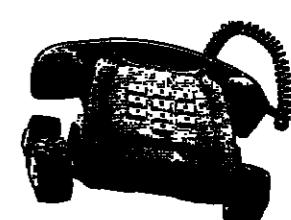
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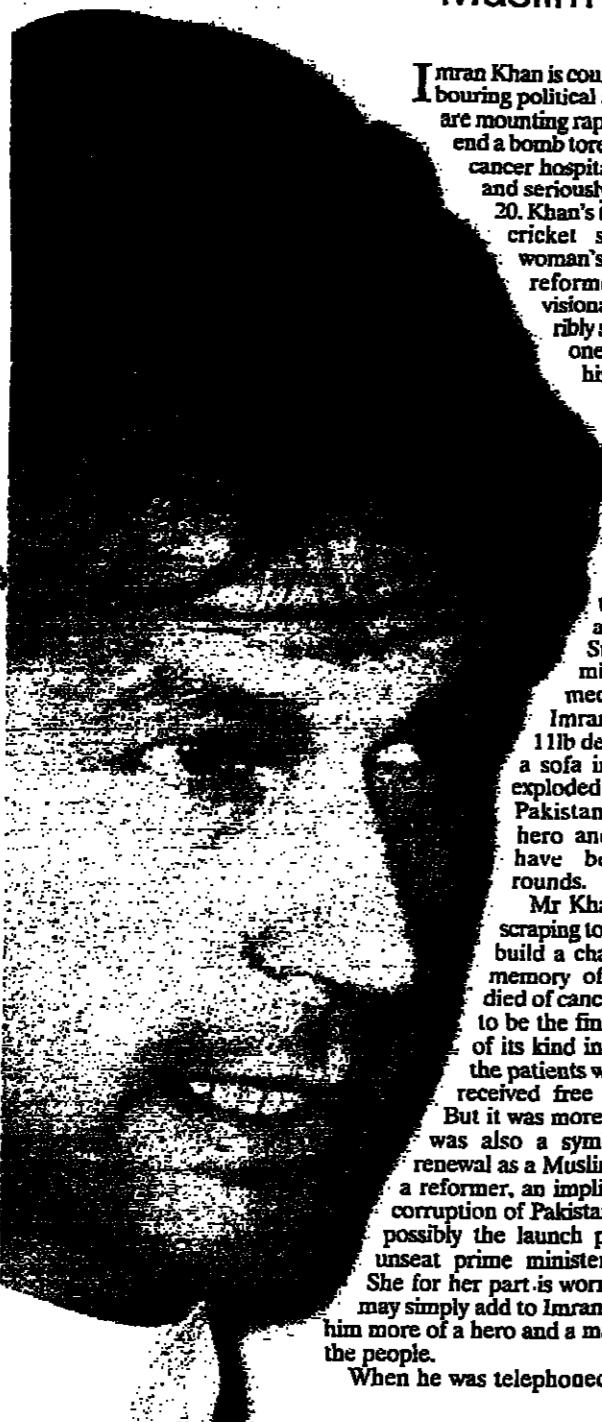
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DIRECT LINE
SAVINGS

Imran vs Benazir

Sunday's bomb attack on his Lahore hospital could propel the cricketing playboy, cum Muslim visionary, into the ferocious world of Pakistani politics, says Tim McGirk



Imran Khan is counting the cost of harbouring political ambitions; the sums are mounting rapidly. Over the week end a bomb tore through his Lahore cancer hospital, killing six people and seriously wounding another.

20. Khan's transformation from cricket star and thinking woman's crumpet into social reformer and political visionary was all going terribly smoothly until someone decided to make him a bomb target.

As founder of the Shaheed Memorial Trust Hospital in Lahore, Mr Khan had planned to give a wealthy Pakistani businessman – and possible donor – a tour of his hospital at about noon on Sunday. At the last minute, though, the meeting was called off. Imran stayed home. The 11lb device, hidden under a sofa in the waiting hall, exploded at 12.23 pm, just as Pakistan's most popular hero and his guest would have been making the rounds.

Mr Khan had spent years scraping together donations to build a charitable hospital in memory of his mother, who died of cancer. It was reckoned to be the finest medical facility of its kind in Pakistan. Most of the patients were poor, and they received free cancer treatment. But it was more than a hospital. It was also a symbol of his moral renewal as a Muslim, his ambitions as a reformer, an implicit criticism of the corruption of Pakistan's ruling élite and possibly the launch pad for his bid to unseat prime minister Benazir Bhutto.

For her part, worried that the bomb may simply add to Imran's lustre by making him more of a hero and a martyr in the eyes of the people.

When he was telephoned with news of the

blast, Mr Khan raced out to the hospital, on the edge of Lahore, and began helping to move the injured into ambulances, which rushed them to hospitals equipped for casualties. Imran has cultivated an image of cool calmness, indicative of an inner centredness. Witnesses say he was "stunned and angry" as he wandered through the charred remains of his dream. The powerful bomb had destroyed the chemotherapy ward, the outpatient department and parts of the canteen, causing millions of pounds in damages.

"It's the work of a savage or an animal, because no human being can do such thing to a hospital," said Mr Khan bitterly. Who planted the bomb?

The cricket star had no doubt: the motive was political. The bluntly spoken Mr Khan accuses both the government of Benazir Bhutto and the opposition leader, Nawaz Sharif, of incompetence and corruption. "These people who feel threatened by me, the bombing was a clear message from them. I have been receiving verbal threats from some political quarters that I should desist from my plans," he explained angrily.

Those warnings have been coming thick and fast. While Benazir has been publicly polite, her supporters have relished rubbishing Imran's political credentials and ambitions. Salman Taseer, a member of Benazir's Pakistan People's Party, gave this assessment of Imran's prospects: "He does not understand the realities of politics. Politics in Pakistan is a nasty, slow, dangerous grind. I have been to jail 14 times; he has never seen the back end of a jail. If he could tell me the GDP of Pakistan I would jump through the window."

Bhutto's "sports adviser" and Khan's former Pakistan team-mate Saifraz Nawaz said last year: "He's a cheater – that has been established. He calls himself a devout Muslim – if he is, he should be stoned to death for adultery. Imran has always been a money-minded person. He is cunning and selfish."

Imran is expected to launch a third political party later this week to challenge Ms Bhutto's PPP and Mr Sharif's Pakistan Muslim League. Fed up with the pervasive corruption and the vengeful brawling of the two main parties, many Pakistanis are desperate enough to turn to a cricket star as their only hope. Both he and

his convert Muslim wife, Jemima – daughter of the British millionaire Sir James Goldsmith – were in London last week. But while Jemima was lunching with Princess Diana, Mr Khan was in Southall gathering funds for his hospital and canvassing for his anti-corruption drive.

Ms Bhutto is rattled. She has banned all fund-raising advertisements for his hospital on the state-run Pakistan television. Her officials smear Mr Khan and his hospital whenever they can, insinuating that he and his relatives are embezzling donations.

Although both are offspring of the feudal aristocracy and attended Oxford University in the early 1970s, the cricket star is widely regarded as a class runcoat. He tries to portray himself as a champion of poor, devout Muslims and a foil of the western-educated "Brown Sahib" culture to which Ms Bhutto and most of the country's political élite belong.

The contest between the two is ferocious. Told of the bomb, Ms Bhutto broke off a visit to the frontier city of Peshawar and flew to Lahore to view the damage and offer condolences. As Naseem Seth, a Lahore political commentator, said: "The last thing Benazir wanted was to make a martyr out of Imran. Everyone would turn against her."

Khan refused to tell her. "Her visit was meant to get political mileage out of the misery of people. It was a media stunt," he fumed. Privately, Ms Bhutto's aides allege that the cricketer may be an unwitting pawn in a plot by "disgruntled agencies" and "militant elements" trying to topple her government. At the outset, he relied on a right-wing Muslim youth organisation, the Pasban, for organising his hospital fund-raising rallies. Mr Khan has also been linked to General Hamid Gul, a former chief of Pakistani military intelligence with strong pan-Islamic views.

In Lahore, sources close to Ms Bhutto's government said that the inquiry into the bomb blast will focus on associates of Mr Khan's within his hospital organisation. This may turn out to be nothing more than a sloppy attempt to frame Mr Khan's colleagues in order to make him look like a well-meaning but rather thick-headed sports star, one who is incapable of running a hospital, let alone a country.

The grand Mogul city of Lahore seethes with

other conspiracy theories. One theory puts the blame on the opposition leader, Mr Sharif, who stands to gain from it since many Pakistanis, with or without proof, will jump to the conclusion that Ms Bhutto's henchmen were behind the blast. Mr Sharif in the past has tried to woo the cricket hero over to his party, and he may now try to

convince Mr Khan that only by joining forces can they topple Ms Bhutto. When Mr Sharif, himself a keen but overweight cricketer, toured the blast site, he held Mr Khan's hand solicitously as they walked through the smouldering debris of the chemotherapy unit.

Another theory places Mr Khan in the centre of a plot by Muslim extremists (there are many within the Pakistan armed forces and intelligence) who set off the bomb to goad the cricketer – undoubtedly the most popular figure in Pakistan – into battling against Ms Bhutto. Advocates of this theory claim that the Muslim fundamentalists want to get rid of Ms Bhutto for being too pro-western, and that Mr Khan is needed to give their putsch plans a veneer of acceptability.

Imran Khan has lived a gilded life. As captain of Pakistan he led it to a famous win in the cricket World Cup against all odds. He has great wealth and has been the object of desire of hordes of well-heeled women. Even his marriage to Jemima Goldsmith has played well in Pakistan as further evidence of how he manages to get everything he wants. The bomb will give him pause to think before plunging into politics proper. Yet the blast may mark the moment when he steels himself to stand and fight. And if he does the contest will be ferocious.

Benazir Bhutto: a life

Born: 21 June, 1953. Found it politically necessary to have an arranged marriage. In 1987 she married Asif Zardari. During her pregnancies, fundamentalists said she should remain at home with her children. But her husband is her knight in shining armour. In her autobiography, *Daughter of the East*, she said, Zardari thought of her as a lady in distress. He soon discovered that "The lady's not fragile." Greatest betrayal: The opposition from her mother and brother Mir. She feels this has damaged the political struggle in Pakistan. Her husband Asif Zardari is referred to as Mr Ten Per Cent: He was detained for over two years on charges, since abandoned, ranging from fraud to murder. Bhutto's father married her off to Zulfiqar Ali Bhutto, who was executed in 1979, advised her on what to read and how to behave. She conversed at the dinner table with guests like Hubert Humphrey and Henry Kissinger. As president of the Oxford Union 1976 she drove a yellow MG sports car: Bhutto wore Anna Bellinda dresses and describes her years at Lady Margaret Hall as "the best years of my life." She had a number of British boyfriends. Saks on Fifth Avenue has her measurements: As a little girl, her clothes were bought from the New York store. Now her jeans have been replaced by traditional salwar-kameez while a dupatta covers her head at all times.

Ramola Talwar

DIARY

Sky's the limit at Westminster

If you notice a sharp drop in the 7pm voting record of your MP it may be because it coincides with the start of football coverage on TV. As of yesterday, television sets throughout Westminster – including those in MPs' private offices – will have Sky News, CNN International, Sky Sports and Sky Sports II to add to the routine coverage of Parliamentary debates.

Asked who was paying for the service, Sky says that it cannot comment on a commercial agreement. The service has been arranged by the House of Commons information committee, which would suggest that the footie coverage comes courtesy of the taxpayer. It would also suggest some embarrassment for MPs who have campaigned against Sky monopolising sports coverage.

Jack Cunningham (above), Labour's heritage spokesman, led the campaign for keeping key sporting fixtures on terrestrial television. However, he too will be having his personal satellite coverage.

A spokesman in his office said yesterday: "Mr Cunningham is far too busy to discuss this. His views are a great deal too complicated for a diary story."

Equality for all, as long as you're a MAN

A press release arrives from the British Medical Association promoting equal opportunities in the NHS. The BMA report from its Career Progress of Doctors Committee emphasises that everyone in the health service "should be personally committed to a culture in which prejudice of any sort is unacceptable". The press release quotes exhortations to equality from Dr Liz Shore, chairman of the Career Progress

of Doctors Committee and Helen Fallon, chairman of the BMA's Medical Students Committee. Unusually, the press release contains an NB for editors in bold type. Is it some feminist豪語? Actually it turns out to be a post-feminist豪語. The word chairMAN, it stresses, is "the preferred title of each of these women".

Greater horsepower

There's nothing better to take your

mind off losing 40 horses than getting a good motor or three. Henry Cecil, the Newmarket trainer, who saw Sheikh Mohammed remove all his horses from the Cecil string last autumn, has secured a sponsorship deal for his yard with Saab, the Swedish car manufacturer. Stable sponsorship is a fast-growing trend, with all that TV exposure for paddock sheets, staff jackets, and sweat rags (expect to see sweat rags placed on even the coolest horses henceforth).

The deal will be formally announced at a champagne breakfast at Newmar-

ket tomorrow.

Cecil tells the *Sporting Life*: "I have been trying for more than a year ... to tie up with either a fashion house or a top car firm. Natalie, my wife, may be having the new convertible. I'm also getting one of the range for my nanny to drive our son Jake around and even getting one for my mother-in-law."

I know the Swedes are family minded. But nanny and mother-in-law? They're in danger of giving sponsorship a good name.

Relief in a can

I have news that will come as a great relief to, I'm told, one in five of the population. Today is officially National Constipation Day. "It may not be the kind of thing people chat to each other about," Georgina Fingleton, one of the organisers, concedes. "We have had terrible difficulty getting any celebrities involved. No volunteers at all, as yet." So hard to imagine why.

But there is one happy coincidence for the organisers to celebrate. Tesco have reduced their baked beans to 3p a can.

Projection of bad luck

The publicity launch for the new and last Dennis Potter television series was held, unusually, at the Institute for Contemporary Arts in London. The BBC and Channel 4 both decided not to use the Bafta building for superstitious reasons as Potter had failed to win recent Bafta awards. Superstitions can be unlucky. The ICA projector broke down three times.

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JULY 1996

comment

Culloden without the bloodshed

A Scottish parliament could spell disaster unless Labour fights for electoral reform at Westminster

Things happen in Scotland that change England, too. It was 250 years ago today that at Culloden Moor the Jacobite challenge to Hanoverian Britain was finally crushed. The slaughter of Prince Charles's army began the destruction of Gaelic Scotland. But had things gone the other way - had the clans charged earlier, had the wind been in another direction, had Butcher Cumberland's infantry been worse trained - Britain today would have been a different country.

How different? That's an exercise in anti-history, a game for clever, idling minds. Yet our ruling institutions, our political parties, our established churches would surely all have been affected. There would have been other disasters and unknown triumphs - a world in which Trafalgar didn't happen but Queen Veronica the Wicked did. Perhaps we would have been not one different country, but several. At any rate, a quarter-millennium on, Scottish affairs are again likely to loom large for the English future.

The reasons are less violent, but equally dramatic enough in their way. The resurgence of nationalist sentiment in Scotland and the likelihood of a Labour-sponsored Edinburgh Parliament, which may be up and running by 1999, raise serious questions for the future of the British Union.

In a timely book published today, *The State and the Nations*, the Institute for Public Policy Research (IPPR), addresses many of those questions. Though it deals with Wales and English regional government too, the book focuses clearly on Scotland. And rightly so; for on the answers given to the Scottish questions, much depends

- a new decade of nationalist breakup, or a political reform more dramatic than London yet realises.

The best-known of these questions remains Tam Dalyell's "West Lothian Question" - why should Scottish MPs at Westminster be able to vote on English education, health and so on, when English MPs have lost their powers to vote on similar Scottish questions? But Old Tam travels with two companions. Per capita public spending in Scotland is higher than in England, and Scotland is also over-represented in MPs by about 20 per cent; and English Conservatives are angry about both.

Could all three aspects of Scotland's treatment under the current Union be sustained after the establishment of a Scottish Parliament? That's an increasingly nationalist English Tory MPs insist; but Labour doggedly says they can.

Here are the makings of an almighty bust-up. Short of turning the UK into a federation, the West Lothian question is unsolvable. The only half-way-house answer would be to take away Scottish MPs' right to vote on England-only legislation.

But that would remove the notion of a Commons government majority. You could have a Labour Prime Minister with Scottish MPs, to command secure majorities on, say, foreign affairs, defence and UK taxation, but impotent on English legislation. As the IPPR authors point out: "The prospect of a Blair government in charge of taxation and public spending and a Portillo-led Conservative Opposition gaining control of the NHS and education budgets in England could not possibly be a recipe for stable government."

What, then, of the over-repre-



ANDREW MARR

Scotland gets more than her fair share of identifiable spending

tation of Scottish MPs? Labour is loath to even discuss this because it expects to depend for any future Westminster majority on Scots. Strict proportionality would require cutting the present 72 Scottish seats to 58; 10 of the 14 seats lost would be Labour ones. This might damage the Union as well as Labour, but there are senior English Labour politicians who privately think it just and inevitable.

Then there is the trickiest matter of all - finance. Ministers have been attacking the Scottish Parliament's proposed right to vary income tax by up to 3p in the pound as "Labour's tartan tax". But under the current formula, agreed in 1978, Scotland gets more than her share of clearly identifiable spending: the IPPR suggests that whatever happens to Scottish Home Rule, this is bound to be revisited and Scotland is likely to face a period of tight spending constraints.

Here is another issue that has the potential for driving the two countries

apart. But fully reopening the so-called "needs assessment" would now require the investigation of other public spending ignored in the Seventies, and would inevitably raise questions about the huge defence and administrative subsidies to the English south-east and to Northern Ireland. That has been enough to make Tories under Thatcher and Major back off.

How, finally, would the inevitable arguments between Edinburgh and Westminster about their relative roles be dealt with? Through a Scottish Secretary in the Cabinet? Wouldn't that be a recipe for torn loyalties and vicious competition with the new Scottish Prime Minister. More thought is needed, and Labour is finalising plans for the judicial committee of the Privy Council to take on what will be, in effect, a sort of Supreme Court role for Anglo-Scottish disputes.

That sounds fair enough. But if the other answers were all as given above - no change at Westminster, nor in the distribution of seats, nor of money - it is not hard to see how competing Scottish and English nationalisms could emerge in the last years of the century. English Tories would be outraged, and would have found a cause to unite them. Scottish Nationalists, fighting their first Edinburgh election in a Labour government's mid-term year, would be well-placed for ferocious defiance.

But there is another way. Labour is already committed to a voting system for the Scottish parliament which, being proportional, gives the Scottish Tories their best hope of revising north of the Border. If Blair threw his leadership behind voting reform for Westminster, too, then some interesting conse-

quences would follow for the Union.

First, as the IPPR notes, the disparity between Scottish and English representation would be cancelled at a stroke. Second, Scottish Tories, fairly represented in a tax-raising legislature in Edinburgh, would be balanced by a revival of Labour in the English south. This would take a lot of the sting out of the West Lothian question, since it would less likely that Scottish MPs at Westminster would tilt English politics; their party-political mix would be nearer the national one.

And third, the five-past-the-post calculation of Britain which makes Scotland and the north red and the south blue, would be smeared away. The image of Scotland as composed of solid masses of barrack-like housing full of unemployed but inspirational socialists, and of the English south as a vast traffic-jam of headscarf-swathed Tory ladies in Range Rovers would vanish.

So Scotland would look more plural, and England less Conservative; and that would do a lot to take the sting away. Getting there requires a leap of Labour imagination. But not leaping may well mean that Labour, as a Unionist party, eventually breaks up the Union.

Political reform doesn't happen by blueprints or grand plans. It happens because one specific reform, demanded by hard political pressures, provokes the urgent need for another. In this case the electoral pressures on Labour for an Edinburgh parliament may yet provoke electoral reform throughout Britain. That's quite a thought. It would make Scottish Home Rule almost as dramatic a political event in English politics as Culloden, too, then some interesting conse-

A safe haven in the West

The desire among Eastern and Central European countries for EU integration will stalk the IGC, says Paul Latawski

This week the Secretary-General of Nato, Javier Solana, is touring the nations of Central and Eastern Europe to discuss the terms on which they will be invited to join Nato. But

regional federation in Europe must come". Underpinning these efforts was the same desire as their western European counterparts to avoid another war.

Today's champions of integration, however, find more inspiration from Brezhnev than Hitler. After 1989, freed from the yoke of Soviet Communism, "return to Europe" became the political battle-cry, and membership in the EU one of the targets of the post-

Communist bravehearts.

To be sure, support for EU membership is uneven in the region. The Poles and Romanians are keenest to join, while a quarter of the population in the Czech Republic, Bulgaria and

Slovenia are two -

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Flat factory gate prices boost Footsie to record

DIANE COYLE
Economics Editor

Share prices closed at a record high yesterday, largely due to a lower-than-expected increase in factory gate prices in March. The FT-SE 100 index advanced 23.7 points to 3,790.5, topping the previous closing record of 3,781.3 set in early February.

The pace of increase in prices charged at the factory gate faded last month to its lowest for just over a year.

Analysts said, however, that the favourable inflationary outlook was not enough in itself to guarantee a further reduction in interest rates.

Scope for a fourth reduction in base rates since December was made less likely by more signs yesterday of a pick-up in the economy.

As well as upbeat surveys from retailers and estate agents, official figures due to be released before the next monetary meeting between Chancellor Salomon Brothers, said.

Kenneth Clarke and Eddie George, Governor of the Bank of England, on 8 May will be decisive. These include the unemployment count tomorrow, retail sales next week and the initial estimate of first-quarter GDP.

"Lower inflation is unlikely to be enough to trigger a further cut given signs that real activity is picking up," Michael Saunders, an economist at City investment bank Salomon Brothers, said.

Prices charged for food climbed 1.2 per cent last month.

Manufacturers raised prices by a modest 0.2 per cent in March, bringing the annual rate of increase down to 3.4 per cent from 3.7 per cent. "Core" prices, excluding food and energy products, were flat.

The sharpest slowdown in factory gate prices is occurring in industries which saw the fastest increases last year, including pulp and paper, chemicals, rubber and plastics.

Prices charged for food climbed 1.2 per cent last month.

A decline of 0.9 per cent in beef prices, concentrated towards the end of the month, was offset by a jump of 3.6 per cent in other meat prices.

A surge in food and oil prices took the prices paid by manufacturers for materials up 0.5 per cent in March. The year-on-year rate of increase remained unchanged at 2.8 per cent, the lowest for more than a year and a half. Of this 12-month rise, four-fifths was due to increased oil and food costs.

Despite the disappointing

rise in materials prices last month due to these commodities, most City economists remain very optimistic about the trend in inflation.

A sharp fall in the best indicator of short-term trends, the annualised three-month rates of "core" factory gate inflation, from 1.7 per cent to 1.0 per cent pointed to further declines in the headline figures.

"As the year progresses, the easing in producer price inflation should begin to be reflected in an improvement in underlying retail price inflation," David Walton of Goldman Sachs, said. Retail prices usually follow factory gate prices with a lag of about six months.

Few analysts think higher oil

and food prices will last, as they reflect temporary disruptions to supply and low levels of oil stocks after the harsh winter.

The futures market is already pointing to lower oil prices by the summer.

Airbus looks at £500m 747 rival

MICHAEL HARRISON

The European aircraft manufacturer Airbus is studying plans for the £750m (£500m) development of a new version of its A340 long-haul jet to compete with smaller versions of the Boeing 747 jumbo jet.

The stretched A340 would carry 375 passengers - 80 more than maximum now - have a range of 7,000 miles and enter service around the turn of the century.

Under an agreement announced yesterday General Electric of the US and Airbus are forming a joint team to study a new engine for the aircraft.

The current A340 range can carry between 260 and 295 passengers on "long thin" routes typically between second cities on different continents.

The new aircraft, known as the A340-600 would extend that capacity enabling Airbus to compete on routes such as London to Los Angeles.

An Airbus spokesman described the study as part of a pincer movement against Boeing with the A340-600 competing at the bottom end of the 747 market and its planned super-jumbo, the A3XX, attacking the 500-seater plus market.

Analysts believe the new A340 could cost between \$500m and \$1bn to develop since Airbus would need to extend the fuelage of the existing aircraft and carry out some modification to the wings. These are built by British Aerospace which has a 20 per cent stake in the consortium.

The Airbus A330-A340 family presently competes with the Boeing 777 range which was launched last year with United Airlines and British Airways as launch customers.

The 777-200 series can carry 305 passengers in 3-class or 375 in 2-class configuration and its range is 5,700 nautical miles. But a long-range version capable of 7,250 miles is due to enter service later this year.

COMMENT

Building society revolution: Survivors shore up defences and crack down on opening of new accounts

Bank of Ireland's £600m lures B&W to join stampede

JOHN EISENHAMMER
Financial Editor

Bristol & West, Britain's ninth-largest building society, joined the stampede from mutualism yesterday with its sale to the Bank of Ireland for £600m, as other societies urgently sought to shore up their defences against speculators.

All the Bristol & West's 1.1 million members stand to benefit from the cash and share hand-out, estimated to be worth about £1,000 each, though long-term savers will enjoy higher rewards.

Birmingham Midshires, one of the few remaining building societies of any size, yesterday moved against the speculative rush to open new accounts in the hope of benefiting from eventual windfall conversion payments by raising the minimum sum needed to open a membership account from £100 to £1,500 in its 17 biggest branches, claiming queues of speculators have been interfering with normal branch business.

In its remaining branches, the threshold has been raised to £500. Chelsea BS said it is actively reviewing its £1,000 minimum investment, and the Leeds & Holbeck is reviewing its membership threshold, currently £500.

The announcement ended months of speculation about the future of Bristol & West, which closed its doors to new applicants last Thursday, and increases the pressure on the dwindling band of big societies still committed to mutualism.

Last week Northern Rock announced plans to convert to bank status, joining Halifax, Leeds, Woolwich and Alliance & Leicester. Two others, National & Provincial and the Cheltenham & Gloucester, have recently been taken over by banks.

Bank of Ireland, Ireland's oldest bank, said the move would generate significant synergies in its UK operations, and that the deal would be immediately revenue-enhancing. One City analyst estimated the deal would be earnings-en-

hancing to the tune of 8 to 9 per cent. "People are very pleased that Bank of Ireland has done something to use up its excess capital," the dealer said.

Mr Molloy and Mr Burke said the deal would help their companies' access to capital, giving Bristol & West the ability to raise wholesale finance while



Good fit: John Burke (left) and Pat Molloy after yesterday's £600m deal

Photograph: Nicholas Turpin

the Bank of Ireland's balance sheet would benefit from the society's cheaper retail funds.

Mr Burke said the Bank of Ireland was the only suitor the building society had negotiated with though others had expressed interest.

"It was such a good fit there was not a need to talk to too

many others provided the price was right," Mr Burke said. "The society had considered a stock market flotation but in the end decided to seek a merger. The society had reviewed its position as a mutual following the decision by Halifax, the biggest building society, to convert.

He said recent government

proposals for new legislation allowing building societies greater access to capital markets, a wider range of products to offer customers and protection from hostile takeovers was "too little too late".

Bank of Ireland shares ended yesterday up 19p at 458p.

Comment, page 17

Three more firms to seek flotation

NIGEL COPE

Three companies announced plans to seek stock market listings yesterday, including a manufacturer of satellite and cable TV decoders and a lingerie retailer that hopes to open more than 100 stores in the UK over the next few years.

Separately, Nigel Whittaker, the former Kingfisher director who left the retail group in a boardroom clear-out last year, has emerged as non-executive chairman of Cardcast, a company that specialises in combating credit card fraud.

Shares in the company were priced at 85p last month and start trading on the Alternative Investment Market today. Cardcast has developed a database of stolen cards which it communicates electronically to retailers' computer systems. It is raising £1.7m from the float. The company declined to reveal Mr Whittaker's salary or how much time he would be spending with the group.

Pact Micro Systems, which claims to be Europe's largest maker of satellite receivers, is the largest of the new listings announced yesterday. It is hoping to achieve a full listing of the company by the end of June in a float that will value the company at around £200m.

The company develops, makes and distributes receivers and decoders for satellite and cable television transmissions. It was founded in 1982 and is still wholly owned by its four main directors including chairman David Hood, who owns 64 per cent, and chief executive Barry Kuby, who controls 26 per cent.

Peter Morgan, former director general of the Institute of Directors and former chairman of the electricity company Swalec, was appointed as non-executive chairman of Pace last month.

Vanguard Medica, a Gifford-based bio-pharmaceutical, hopes to raise £40m from a float on the main market next month. No ordinary shares are being sold. The placing with institutions and other investors will enable the company to concentrate on the development and commercialisation of drugs, rather than their discovery, the company says.

La Senza, the lingerie and sleepwear chain, confirmed plans to seek a listing on AIM in a float that will raise £15m.

Formed in Canada in 1990, it has been testing stores in the UK for the last 16 months. It has 22 stores in Britain but hopes to extend the number to more than 100 over the next few years.



One-off: Kenneth Clarke backed the increase for the EBRD

EBRD capital doubled to £16.4bn

HELEN MINGAY

Western finance ministers yesterday agreed to dig deeper into their pockets to finance economic development in eastern Europe. At the annual meeting of the European Bank for Reconstruction and Development meeting in Bulgaria yesterday, they formally agreed to double the bank's capital base from ecu 10bn (£8.2bn) to ecu 20bn.

The increase was welcomed even by Kenneth Clarke, Chancellor of the Exchequer, who has in the past raised doubts about the need for the EBRD. But Mr Clarke said this first increase in its capital would also be the last.

"Three years ago such an increase would have been inconceivable," he said, alluding to the bank's reputation for extravagance under its former

president, Jacques Attali. He paid tribute to the achievements of Jacques de Larosière, the current president, in transforming the EBRD while holding running costs constant.

In future, ministers intend the EBRD to be self-financing, like other international organisations such as the World Bank.

All ministers from the 57 member countries have agreed to the capital increase, a process made more palatable to financially strapped treasuries by agreeing to spread payments over an eight-year period, starting in April 1998, and by allowing 60 per cent of payments to be made in promissory notes.

Mr de Larosière received countless other plaudits for turning the bank around since he took over the helm three and a half years ago. He has trans-

formed Mr Attali's "glistening bank" - noted for the luxury of its London headquarters - into a model of fiscal respectability.

Overheads have dropped from 30 to 24 per cent of the operating budget, albeit at the cost of levelling staff salaries and much of the "glitter" is being torn out of the headquarters building to prepare floors for sub-letting.

Mr de Larosière's hair-shirt approach to running the institution has even earned the approval of the US delegation, which stopped its payments to the bank during Mr Attali's tenure.

The assistant secretary for international affairs at the US treasury, David Lipton, said that bank payments had been restored and "the administration will be asking Congress to

pay down the rest of the appropriation".

The only note of dispute in Sofia came over the question of "graduation" for the more advanced central European countries, notably Poland, the Czech Republic, Hungary and Slovakia. Western ministers are urging bank officials to seek out investments in the more "difficult" countries of the former Soviet Union. They want central European countries to switch to commercial borrowing as they achieve investment grade status.

Polish and Hungarian delegations are concerned that the bank will fund fewer of their projects.

Mr Clarke added that European countries should do better in liberalising their economies to encourage foreign investment.

Think-tank counts the cost of a minimum wage

DIANE COYLE
Economics Editor

The introduction of a national minimum wage of as little as £3.50 an hour could result in the closure of small firms and shops, job losses and higher prices, according to preliminary research from the Employment Policy Institute, an independent think-tank.

Interviews with a wide range of employers likely to be affected by a minimum wage, to which the Labour Party is in principle committed, suggested

that its effects could be dramatic. Even allowing for the fact that firms have an incentive to exaggerate the likely effects, as many as 3.5 million people who are currently paid less than £3.50 an hour would become more expensive to employ.

A national minimum wage would mean a total restructuring of all these firms' pay," said Fred Bayliss, the EPI researcher.

He identified catering and related industries such as hotels, textiles, industrial cleaning, hairdressing and healthcare as

those that would be extensively affected by the introduction of a legal minimum. For example, more than two-thirds of part-time women and about half of full-time women working in catering and related businesses earn less than £3.50 an hour.

In textiles and clothing, which is covered by collective agreements with unions, around a third of female staff earn less.

Mr Bayliss also suggested that there could be significant industrial restructuring in some industries where big employers generally pay higher rates of pay

than small ones. In retailing, for instance, most big supermarkets pay most staff a basic rate above £3.50 an hour. It is small and specialist retailers who pay less.

The supermarkets know a national minimum wage will push out smaller units and direct custom towards them. They are not displeased," he said.

An even broader range of businesses would face knock-on effects if the minimum wage was set above the bottom of their pay scales. Any attempt to restore differentials would raise pay at all levels. This effect

could be considerable in areas such as local authorities and motor-vehicle retail and repair, where there are graduated sick-leave pay scales.

The firms co-operating with the EPI told Mr Bayliss their response could range from passing on higher costs to customers to cutting jobs in industries like retailing where stiff competition made it impossible to raise prices. Some said a minimum wage would create a strong incentive to switch work to the "informal" economy.

Many were concerned that a

minimum wage would not simply set a floor to wages, but would be used to raise the incomes of the low-paid relative to the average over time.

The employers also raised practical concerns, such as whether a lower training rate for young employees would be allowed, whether the introduction of a national minimum wage would be phased in and how it would be enforced. They voiced strong opposition to a new set of government inspectors, and some suggested using the national insurance inspectorate.

Many were concerned that a

minimum wage would not simply set a floor to wages, but would be used to raise the incomes of the low-paid relative to the average over time.

The employers also raised

STOCK MARKETS



COMMENT

What better way to whet the appetite of investors than to complain they are being offered outrageous dividends. Well done, Clare'

Railtrack sale is straight off the back of a lorry

Did SBC Warburg set a trap for Clare Short, with its little wheeze of paying a 269m dividend out of last year's Railtrack profits, earned while the company was in the public sector?

She described the initiative, confirmed in yesterday's prospectus, as a "monstrous outrage" and who knows, from a moral perspective she may well be right. But it certainly hasn't done prospects for this most controversial of privatisations any harm.

On the contrary, it served to underline the generosity of the post-privatisation dividend policy, giving another kick to the smoothly orchestrated marketing campaign. What better way to whet the appetite of investors than to complain they are being offered outrageous dividends. Well done, Clare.

Together with the £30m interim test February, the dividend commitment will bring a handsome 12-month return of 11.12 per cent on the 190p part-paid shares. And there is plenty more where that came from. Private investors get the first instalment at a discount to the institutional offer. The result is that the total first-year return is approaching 20 per cent - tax-free for those who use Peps - or about four times as much as from a building society.

Furthermore, the second instalment is payable in a new tax year, allowing those who want to fill their boots - and their single company Peps - with Railtrack to use a full two years of allowances. But giving this company away, the Government could

scarcely have done more to ensure a successful issue.

These share incentives are only part of the investment story. The regulator has also agreed that Railtrack can keep 75 per cent of property profits above those already taken into account in setting track access charges. More important than both of these, the regulatory regime, setting track access charges at inflation minus 2 per cent from now on, is a good deal less onerous than might it might have been.

Furthermore, the sting has been taken out of the performance regime which in theory should be forcing Railtrack to pay compensation for any mishaps that delay trains. In the first couple of years, Railtrack will be reimbursed for almost all the penalties incurred, and they will not be fully phased in until after the end of the century.

It was always inevitable that Railtrack would be priced to sell rather than to maximise revenue for the taxpayer. As it is, the Government has chosen to knock the shares out as if they had fallen off the back of a lorry. Labour's bluster won't halt this one.

Flexible labour makes for a feel-bad factor

At the Lille jobs summit earlier this month, ministers and officials went out of their way to extol the benefits of the flexible, deregulated labour market. However,

there is at least one aspect of Britain's approach to the jobs market that Kenneth Clarke will not be boasting of to his European counterparts, and that is its tendency to deliver a lower tax take than the old "jobs-for-life" way of organising things.

Government figures later this week are expected to confirm that public borrowing last financial year was at least £3bn higher than the Treasury forecast at the time of the last Budget and some £1bn higher than predicted 18 months ago. This is only in part due to the Treasury's notoriously unreliable forecasting record. Nor is it wholly accounted for by the Government's failure to deliver promised cuts in public spending. The villain is a much lower tax take than anticipated.

Both the Treasury and Customs & Excise have begun inquiries into how they could have gone so badly awry. The answer is likely to be that it wasn't really their fault; the economy has changed so fundamentally that it doesn't behave as it used to. Just as this has been a recovery without the feel-good factor, for much the same reasons it has also been a recovery without the expected rise in tax yield. It is not just in the area of corporation tax and VAT - where the accountants have been working overtime to minimise returns - that the tax take is falling short of expectations. Across the board, tax yields have been lower than they should have been for this stage of the recovery.

This in turn may have been caused by the changing nature of the workplace. Well-

paid, full-time jobs that deliver reliable and predictable returns to the Inland Revenue continue to be shed at a frightening pace.

As often as not they are replaced by lower-paid, often temporary, part-time work. Meanwhile the black economy is blossoming in a way that partly compensates for the lower earnings to be had out of legitimate employment. (The Government denies this but the wealth of anecdotal evidence suggests otherwise). Furthermore, because continued job insecurity (the most potent feature of the feel-bad factor) discourages spending, indirect tax such as VAT is not growing at the rate it should.

Large corporations with their state of the art tax-avoidance techniques make an easy and politically beguiling explanation for poor tax returns but they are only a minor part of the problem. When Kenneth Clarke next urges our Continental partners to adopt the Anglo-Saxon approach to labour markets, he had better warn them: it won't make their task of meeting the Maastricht criteria on public borrowing any easier.

Too little, too late for building societies

As the stampede from mutuals continues, the Government's efforts to provide special conservation status for the endangered building society movement look increasingly irrelevant.

John Burke, chief executive of Bristol & West, which yesterday announced its sale to the Bank of Ireland, rightly described them as "too little, too late". The answer to the question, can they be saved, is being loudly trumpeted by the market, and sounds very much like "certainly not". While, no doubt, a few well-rooted regional societies will remain, relics of a bygone age, the days of building societies as a significant part of savings and lending in Britain are rapidly being counted.

Is this a mistake we will all come to regret? Are we standing by while some inherently superior form of doing business is being crushed by the brute force of capitalism on the rampage, as some of the more melodramatic of the stakeholder apologists would have us fear? Surely not.

Markets by their very nature evolve, and those firms that thrive are the ones that best achieve the difficult balance of keeping customers, employees and shareholders or stakeholders happy, whatever the form or label given to their way of doing business. More ridiculous, however, is the alarmist suggestion that these once cautious businesses, as soon as they convert to plc status, will lose their heads in profligate lending sprees, sowing the seeds of a UK savings and loans disaster of US or Japanese proportions.

Building societies never offered a panacea against poor management, just as plcs are no recipe for disaster.

IN BRIEF

• Coats Viyella, the textiles group, is to cut 1,700 jobs in the UK and India as part of a £50m re-structuring programme announced earlier this year. Around 1,300 of the redundancies will take place in the UK over the next two to three years. The company has yet to disclose details of the cut though it has large factories in the East Midlands, Northern Ireland and West Scotland. A further 1,400 voluntary redundancies are to be sought in India. The company blamed intense competition from lower-cost international producers for the action.

• The UK venture capital industry enjoyed a bumper year in 1995 with investment by UK firms up by 22 per cent to £2bn. According to a survey by the British Venture Capital Association, investment in the East Midlands rose by nearly four-and-a-half times in 1995. The South-east share of the total investment remained constant at 34 per cent. Scotland remained popular with venture capitalists with more companies per thousand receiving investment there than in any other UK region. The South-west had the lowest number.

• Time Warner, the media and entertainment group, reported a deeper first-quarter loss because of sluggish music sales and higher costs relating to several large cable acquisitions. Operating losses of \$93m (£62m) compared with a \$47m loss a year earlier, were greater than analysis had been expecting. Sales in the music division were down as retailers cut prices and the direct marketing business was also weak. Group sales rose 17 per cent to \$4.56bn.

• The Takeover Panel is investigating certain valuations used by Redland in its bid for Ennemix, the aggregates company. The investigation follows a complaint by Ennemix about statements made by Redland in a document that questioned its net asset valuation. The dispute centres on a valuation carried out by Grimley, the chartered surveyors. The panel's executive said it is discussing the matters with the Royal Institute of Chartered Surveyors. Redland has bid 32p per share for Ennemix, valuing the company at £5.8m.

• John Melbourn has been appointed a non-executive director of Tesco, the supermarkets group. Mr Melbourn is a director and deputy group chief executive of National Westminster Bank.

City Diary, page 18

• KS Biomedix, the fledgling biotechnology group, has announced the start of phase II clinical trials of its rheumatoid arthritis drug, CBF-BS2. The results of the double blind trial involving 120 patients are due by June next year, but preliminary results are expected at the end of 1996. Earlier preliminary studies showed 76 per cent of a sample of 33 patients registered an improvement after treatment with the compound. The estimated market for this type of rheumatoid arthritis drug is said to be worth \$1bn a year.

Imro to shake up high-risk firms

JOHN EISENHAMMER
Financial Editor

Imro, the City watchdog, yesterday announced a radical plan to tighten the supervision of responsible firms to focus on those judged a high risk to investors. Imro, which mainly regulates the fund management industry, also called for a national campaign to educate people about investment after research revealed a "lamentable level of ignorance in the majority of investors".

Philip Thorpe, chief executive said: "We are now looking at a population that must make decisions about retirement, health, housing and education where in the past we may have been able to rely on the state for assistance. But we cannot expect people to take responsibility for difficult financial decisions without sufficient understanding."

Mr Thorpe said Imro's proposals were based on rewarding firms that put investors first by easing the burden of external regulation. Those that had proved themselves worthy of trust would be expected to take on increased internal compliance commitments.

Imro will introduce the new regulatory proposals through a pilot project that will run into next year, involving 50 firms selected from a broad cross-section of its 1,100 member firms. "While, inevitably, there will

be firms and individuals that will continue to respond only to discipline, the majority of firms have a capacity to respond to more positive forms of encouragement," Mr Thorpe said.

Conceding that there was a high risk to Imro should the experiment back-fire, Mr Thorpe said the watchdog would be most careful about the firms it selected.

If the pilot proves successful, the idea is to move quickly to a tailored form of regulation for the substantial majority of Imro members.

"After all, it is only about 10 per cent of our firms that seem to be chronically unable to meet the good investment criteria, and it is on them we wish to concentrate our efforts," he said.

The criteria for inclusion in Imro's new project include a good regulatory history, strong internal compliance, sound finances, and above all an assessment that the firm poses a low risk to investors. Imro's risk assessment will remain confidential.

"We are very resistant to the idea of handing out risk ratings, that is not our business," said Mr Thorpe.

Those firms allowed lighter regulation will receive more frequent, but shorter visits from Imro, and will be allowed a greater opportunity for self-correction.

Alongside the proposed changes in the way it conducts regulation, Imro said there was an urgent national need for promoting investor awareness. Research last year showed investors continue to have a poor understanding of investments generally.

Mr Thorpe said Imro hoped to combine with other regulators, consumer bodies and educational authorities to start initiatives. Noting that in the US, trade bodies sponsor competitions in schools, Mr Thorpe said increasing financial awareness needed to begin at a much earlier stage.



The finalists in Veuve Clicquot's business woman of the year contest were announced today. The three finalists pictured here are (from left): Linda Allen, managing director of Norfolk-based Howard Long International, which prepares food for supermarkets and restaurants; Janet Holmes a Court, chairman of the Stoll Moss Theatres Foundation, and Mary-Lorraine Hughes, managing director of Stoke-on-Trent-based Portmeirion Potteries.

BRISTOL & WEST

AN IMPORTANT MESSAGE

FOR MEMBERS OF BRISTOL & WEST

As you may already know, the Board of the Bristol & West Building Society yesterday

announced that it intends to recommend to Members that Bristol & West should become part of Bank of Ireland Group.

Customers of Bristol & West are being sent a Notice explaining the reasons for the decision together with a leaflet, *Answers to Your Questions*.

A free Information Line has been set up on 0800 886633. Lines will be open from 8.00 am to 8.00 pm Monday to Friday and 8.00 am to 1.00 pm on Saturdays.

Full details about the transaction will be circulated in due course in a Transfer

Document for consideration at a Special General Meeting of the Society when eligible

Members will have the opportunity to vote on the proposal.

Members should note, however, that no decisions are to be taken

on this matter at the Society's Annual General Meeting on 19 April 1996.

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Amey finds new road to success

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

Shares in Amey, the UK's fourth-largest road-builder, have suffered in line with the Government's U-turn on the road programme. But Amey has continued to prosper, even if the market has not noticed until recently. The shares were reinvigorated last month by news Amey was paying £15m for Western Infrastructure Maintenance Company, one of British Rail's seven maintenance operations. That looks a knock-down price for a group with profits of £14.8m last year and is cheap when account is taken of various extra charges likely to reduce profits to a continuing level of £5m-£5.5m.

As Neil Ashley, chairman, commented yesterday, WIMU represents a "quantum leap" in Amey's facilities management and maintenance business. Already providing 61 per cent of last year's profits of £53.2m, it will increase the contribution from facilities management to 76 per cent. By contrast, roads represent less than a third of the group's business.

The group has been moving away from its roots in traditional construction since at least 1991, when it first dipped its toe into facilities management. Last year it picked up the £20m-a-year contract to manage a huge chunk of the operations of the city of Portsmouth. The increased mix of fee-related business from the Portsmouth work, plus the maturing of earlier contracts, helped margins in facilities management more than double to 4.1 per cent last year, despite turnover and capital employed falling in the division.

Mr Ashley expects the business to double this year and his contacts with senior Labour politicians suggest there is little threat from a new socialist government to the continued growth of outsourcing in state and local authority operations. As well as maintaining 870 kilometres of important roads, new areas for Amey could involve aircraft maintenance for the RAF, while an announcement on the acquisition of specialist health consultancy in the environment, health and safety area is expected before the end of the month.

Elsewhere, Amey's membership of the Autolink consortium with Taylor Woodrow and Sir Robert McAlpine has yet to meet with success in bidding for the Government's new generation of design, build, finance and operate contracts. But an announcement on the Croydon tram project is due this week and Amey has high hopes of winning work on the A19 and M6 routes.

Profits of £9.7m this year, including around £4.5m from WIMU, would put the shares, unchanged at 194p, on a forward multiple of 9. Given low barriers to entry and a claimed £100m market,

facilities management will become increasingly competitive, but Amey's head start leaves it well placed. The shares remain attractive, although the market is tight.

BAA cashes in on dwell time

Yesterday's passenger traffic figures from BAA were hardly earth-shattering but they do represent a steady trend. March figures were up 11 per cent on the same month last year, following February's 12 per cent advance.

The improvements have provided a welcome boost for the share price, which had been suffering from a period of weakness last year as a result of weak passenger numbers during the hot summer. After bottoming out at 465p in December they have now risen to 547p, up 2p yesterday, and several analysts think there is more left to come.

While March's figures were boosted

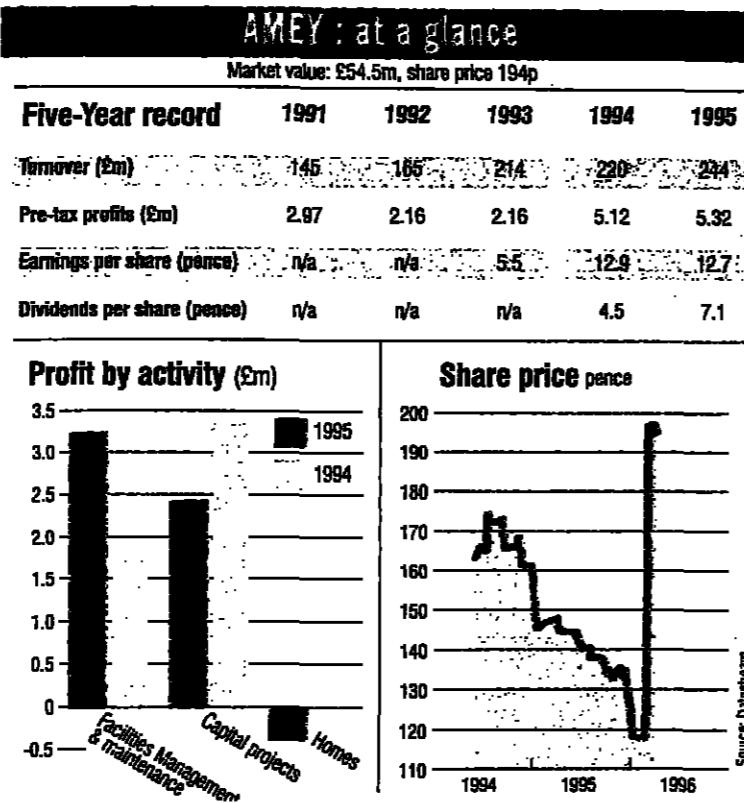
by pre-Easter traffic build-up, there were a number of strong performances from BAA's seven airports, which indicate underlying strength rather than one-off boosts.

Stansted increased its passenger numbers by 40 per cent due to an increase in Irish traffic and a number of new carriers using the airport. Gatwick also improved by nearly 20 per cent due to an increase in US and European flights. An increase in the number of flights to Africa should also boost Gatwick's figures for March.

The key point is that passenger numbers are only part of the story. Retail spending during passenger "dwell time" is now a significant revenue stream for BAA and accounted for £313m of group net-income in the nine-month stage.

BAA is getting better and better at persuading loose-walleted tourists to part with their cash at its airport shops and has 262,000 more square feet of retail space coming on stream by 1998.

Other issues that had been acting as a brake on the BAA share price also seem to troubling City heads less



these days, notably the continuing Monopolies Commission review of airport charges.

Kleinwort Benson has not changed its forecasts and is still expecting profits of £418m for the 12 months to last March, to be reported in June, and £460m for the current year. That puts the shares on a forward rating of 18, dropping to 16. Not cheap, but worth holding.

Fry pale after demise of BES

Johnson Fry was a name to conjure with when the business expansion scheme was at its height, but has become a pale shadow of its former self since the ending of the scheme in 1993. However, the ebullient Charles Fry who led the business in the glory days of the 1980s has had plenty of experience of snatching victory from the jaws of defeat. Thirty months ago he been acting the remains of JF from the ruin of LIT Holdings, the financial conglomerate into which it was reversed in 1989.

Yesterday Johnson Fry confirmed its continuing recovery, despite announcing pre-tax profits cut from £4.18m to £2.88m in the year to December. The figures were inevitably distorted by the ending of the BES scheme. JF pulled in £50m to invest in decaying repossessed property in the dying days of the scheme and picked up a 10 per cent fee for managing a £30m refurbishment which gave a one-off boost to the 1994 figures.

The legacy of the BES is that the group has been left with managing a £900m property portfolio, half of which is repossessed, which it will be looking to liquidate in two years when the rules allow. That will hit revenues when the time comes, but the good news is that many of the properties are likely to prove unsaleable in the current climate and so at least some of the management contracts will continue.

JF is also in the running for a slice of the work managing the £2bn housing estate of the Ministry of Defence when it goes out to tender. Meanwhile, the group's more traditional areas of dream up new financial products and managing other people's money go from strength to strength. Funds under management up from £270m in 1994 to over £400m now look well on their way to the target of £1bn in three years.

Profits this year of £3.5m would put the shares, up 12p at 134p, on a prospective p/e ratio of 9. Reasonable value, but the market is thin.

Soros on Soros, straight from the horse's mouth

CITY DIARY

JOHN WILLCOCK

JOHN WILLCOCK

cent decision by Halifax Building Society to dump SBC Warburg as its adviser during the run-up to its float prompted a buzz of speculation in City parlours.

Now it appears that the "straw which broke the camel's back" for Halifax was when it was sold by SBC Warburg that the bank was also advising Bank of Ireland on its bid for Bristol & West. The prospect of "business trips" to Dublin must be ample recompense to the chaps at SBC Warburg.

Brian Weight joined JP Morgan straight from Cambridge in 1972.

It was therefore quite a coup for BZW to poach him yesterday, to become the investment bank's chief credit Officer within its risk management division.

Mr Weight, 46, has experience in risk management at JP Morgan as well as stints in energy and project finance in Singapore, Australia and the US.

Mr Weight is also a keen local historian, having contributed several chapters to a history of Bath, the historic West Country spa town.

More appointments: "J R Compton, the manufacturer of teabags and other long-fibred papers which was a £100m management buyout backed by 3i and Schroder Ventures, from De La Rue in September 1995 has appointed Adrian Buckmaster as non-executive chairman."

Long-fibred paper, eh? Whoever would have thought it. Brings to mind Molins, the company that makes the machines which produce pyramid-shaped teabags.

Molins is also the world's largest maker of small and medium-sized cigarette-making machines.

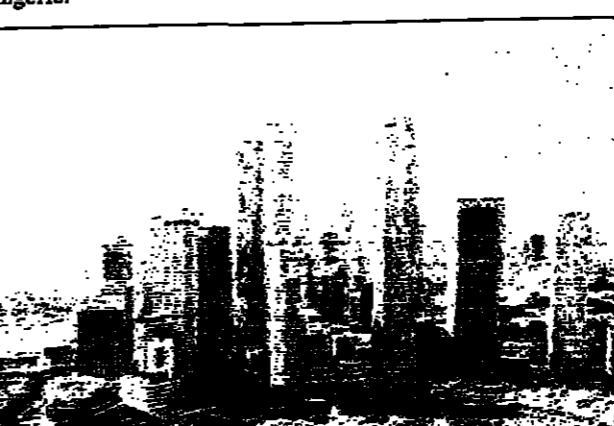
Not many people know that.

Anyone who enjoyed the autobiography, *Soros on Soros*, by George Soros, the billion-dollar hedge-fund entrepreneur, may wish to listen to the book which has now been transferred to four audio cassettes and read by George Soros.

A review will appear as soon as we can persuade someone to listen all the way through it ...

Palms were raised at a normally sober institutional fund manager's yesterday when it received a copy of the 1995 Sherwood Group annual report and accounts.

The Nottingham-based lace and garments maker has included, alongside the normal facts and figures, two glossy colour pull-out photos of glamorous young female models wearing, quite frankly, not that much apart from the company's lingerie.



The following missive plopped onto the Diary's desk yesterday: "With the increasingly global nature of fraud a new survey has highlighted a list of potential fraud 'hot spots' which contains some surprising findings. The survey, carried out by international accountants KPMG in 18 countries spanning five continents, identified the US, Singapore (above) and Italy among potential fraud 'hot spots'. Not that much of a surprise about Singapore. Wasn't that the place where a mere \$600m disappeared last year from Barings Bank courtesy of Nick Leeson - now in jail for, um, fraud?"

COMPANY RESULTS

	Turnover £	Pre-tax £	EPS	Dividend
AG Holdings (I)	14.3m (13.4m)	1.57m (1.18m)	5.3p (4.2p)	2.25p (2.25p)
Amey (F)	244m (220m)	5.32m (5.12m)	12.7p (12.5p)	7.1p (4.5p)
Arcadian Intel (F)	20.5m (12.5m)	1.09m (0.42m)	1.1p (0.2p)	1p (0.8p)
Ativa (F)	28.1m (29.2m)	4.0m (3.16m)	3.9p (2.5p)	0.7p (0.4p)
Brilliance Group (F)	49.0m (45.4m)	0.71m (1.68m)	3.1p (3.3p)	1.6p (1.5p)
Diablo Steel (F)	7.47m (5.73m)	0.59m (0.59m)	3.5p (3.47p)	1.5p (1.4p)
Johnson Fry (F)	30.9m (29.8m)	2.88m (4.18m)	20.7p (17.5p)	4p (2p)
Chess Property (F)	- (F)	0.75m (0.62m)	1.27p (1.16p)	0.4p (0.3p)
Wardle Starrys (I)	53.8m (44.2m)	4.82m (3.43m)	12.5p (8.1p)	8p (5p)
(F) - Final (I) - Interim (W) - Nini months				

Hardy Oil & Gas sells US operations

MAGNUS GRIMOND

Hardy Oil & Gas has sold its US operations for \$179m (£118m), with most of the business going to a company backed by Enron Corporation, the giant US energy group.

The move is part of a streamlining of the group initiated by John Walmsley, the former finance director of Enterprise Oil, who became managing director at the end of 1994. Last year

Hardy got rid of its Canadian assets and an interest in the Forties field in the North Sea. It has announced plans to withdraw from the Netherlands, Libya, Algeria and Namibia.

Acquiror, a new company financed by Enron Capital and Trade Resources, is effectively paying \$171m for Hardy Oil & Gas USA. The sale will include proven reserves of 21.7m barrels of oil equivalent, plus a further 6.8m barrels of proba-

ble reserves. Separately, a further 2.6m barrels is to be sold by Hardy USA to a third party for \$3m.

The sale price is equivalent to \$7.37 per proved barrel of oil equivalent or \$5.76 when probable reserves are taken into account. Hardy said the disposal would lead to a write off of £7.7m, but would eliminate borrowings, while the group would retain exposure to operations in the Gulf of Mexico

through options to participate in certain exploitation opportunities.

Douglas Baker, chairman, described the sales as "a major step forward in the strategic re-focusing we began last year". Mr Baker said the group was in talks on several deals aimed at expanding its current portfolio of oil and gas fields.

Cash raised from yesterday's sale would help to develop those fields, but also strength-

Baker declined to name any specific areas where the group was seeking deals.

This week and every week, Section Two has a new look, with more pages, new features, a daily radio column and an expanded listings section providing Britain's most comprehensive daily guide to going out.

on Monday

A new regular section, Family Life, that deals with the interests and problems of parents and children. Julie Myerson's column also focuses on home life. Plus: a new series - Do we need? - which challenges the icons of modern Britain. And, every Monday unrivalled coverage of the expanding world of information technology in our Network pull-out section.

and in Sport A 24-page tabloid section with all the action from the weekend's sporting action. Plus: the Monday interview in which a leading figure comes under the microscope, an unbeatable results service, gossip, speculation and fact from behind the scenes and the best in sports photography.

on Tuesday

Health: how wearing a virtual reality helmet could help cure phobias and other psychological problems. Plus: flaky nails are not simply a problem for the vain

but a sign of ill-health, so what can be done about them? Also on Tuesday, fashion, architecture, visual arts and media.

on Wednesday

Bridget Jones's diary continues to chronicle the encounters and exquisite embarrassments in the life of Britain's most-read spinster. Plus: the midweek travel section, your money, finance

and law. In our back pages, Martin Newell, Britain's leading rock poet, and Neil Kerber, one of the country's funniest cartoonists, present their views of the modern world.

and graduate plus. In the back pages, William Hartston's history of the world in 10½ inches

seven-day TV, radio and satellite listings, ticket offers and informed comment on the week's highlights. Plus: eight pages of pop and classical music

THE INDEPENDENT



100% 100% 100%

Germany marks time as the dollar finds its level

Normalisation is one of those English words used only by people to whom English is not a first language, but you can see why Hans Tietmeyer, president of the Bundesbank, was employing it at the weekend to describe the recent decline of the mark. For the surge in the mark over the last year has been quite abnormal and recent declines have gone only some way to restoring it to a level German exporters find acceptable. Indeed, if you wanted to find one single reason for the new recession in Germany the strength of the mark must be at the top of the pile.

Yesterday the currency fell further, breaking through key chart levels against the dollar of DM1.5075 and DM1.5065, leading to suggestions that "normalisation" still has a long way to run.

When currencies refuse to do what they ought rationally to be doing, the obvious questions are: how long can they behave in this way, and how much damage will they cause meanwhile? When currencies behave as they ought to, the questions are: will they continue to correct, will they stop, or will they overshoot; and how quickly will previous damage be repaired?

It is time now to start applying these second set of questions to the key tripartite currency relationship of the world, that between the dollar, the mark and the yen.

The background to these questions is set out in the left-hand graph: as you can see there has been a sharp and sustained recovery of the dollar against the yen since April of last year, taking place in two phases. There was a bounce from June/July through to September, then a steady consolidation to the present.

That would square with what seems to be happening. A Japanese recovery, still desperately fragile, at least seems to be taking place; but the German economy has been pushed



ECONOMIC VIEW
HAMISH McRAE

Against the mark, however, while the trough of the dollar was less pronounced, there has been only the most muted of recoveries: we are not yet back to the level of the beginning of last year.

Determining the "right" level for currencies is always a black art, and the dollar rate is in any case a crude proxy for any currency's value. But there is a common-sense case to be made that the dollar/yen rate of close to Y10 gives the Japanese economy a chance to stage a recovery, whereas the DM1.50 rate is still damaging to the German one.

That would square with what seems to be happening. A Japanese recovery, still desperately fragile, at least seems to be taking place; but the German economy has been pushed

charts are now looking for the dollar to climb to around DM1.60 and Y120. There are two further arguments to support this, at least as far as the mark is concerned. One is interest rate differentials.

The implied forward market forecast for US interest rates, set out in the right-hand graph, shows a climb to 6 per cent by the end of next year, which would certainly underpin any such move.

German interest rates, projected on the same basis, are flat through most of this year, maybe rising a bit towards the end. (Interest rate differentials are by no means the only force governing currencies, but they do have a strong influence on them.)

The other is momentum. It is an observable fact that once currencies

one might therefore expect a sustained, if bumpy, climb of the dollar for the next couple of years before it became obvious that a new downturn would have to begin. My own view is that just such a bumpy upswing will be sustained, though I would hate to be tied down to a statement of its likely duration. But there are reasonable doubts.

Some of these come from future interest rate movements. Aside from showing the forward market projects, the right-hand graph also shows some other forecasts of dollar and mark interest rates from HSBC Markets. Other City forecasters would also accept that the rise in rates implied by the forward markets is too sharp.

These show a very different pattern: steady US rates through the summer of this year, and then falling rates from the autumn onwards; and more slowly falling mark rates.

Leave aside the market forecast and focus on the US one, for if that is right, it would knock away the interest rate support for the dollar. That would not necessarily reverse the dollar's recovery, but it would knock it on the head.

Other doubts come from the policy-makers: whether officials in the US, Germany and Japan want a continued dollar recovery. The yen is more affected by Japanese policy than the mark by German, and while both the ministry of finance and the Bank of Japan have been firmly in favour of the movement over the last year a rate somewhere between Y110 and Y120 may be deemed appropriate. As for the mark, while the remarks of Dr Tietmeyer suggest that a further fall in the mark is welcomed there, the Bundesbank certainly does not want a weak currency.

If the normal long-term cyclical pattern of the past were repeated,

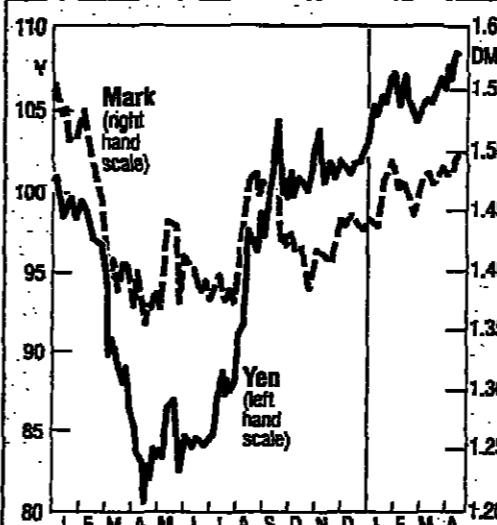
economic growth would be particularly unwelcome.

In any case the whole American policy machine has noted with some pride the way in which the soft dollar has helped sustain a low-inflation economic recovery which is the envy of Europe and Japan. America will

not want the surge in the dollar to be sustained if it starts hitting US jobs.

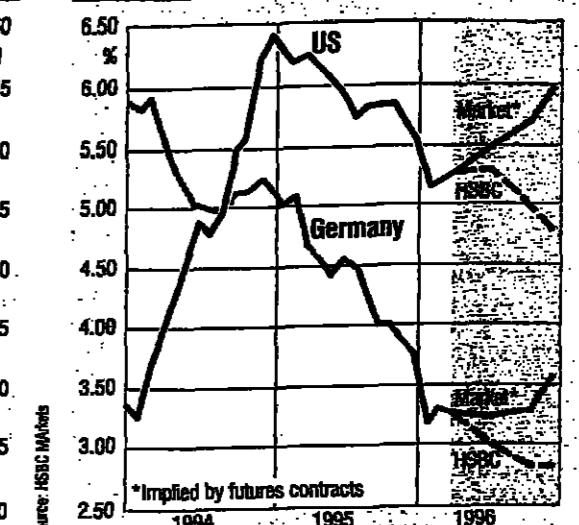
What one can say with reasonable

The dollar vs the Mark and the Yen



is that for the US, this is an election year, so anything (like an overvalued dollar) which undermined

US interest rates vs foreign rates



"It is easier to push through unpleasant policies if the economy is growing well"

are, in part at least, structural. A lower mark and franc are helpful in that they make structural reforms more acceptable politically – it is much easier to push through unpleasant policies if the economy is growing well – but that is all.

The moral here is surely threefold. First, that "normalisation" is immensely welcome, and that it will be even more welcome if it continues as yet. Second, that some further dollar rise is likely (which, incidentally, could mean a pound back in the \$1.40 region).

And third, that if this rise does occur it merely creates a set of circumstances which make it easier for Japan and Europe to make the structural changes to their economy which they know they have to do; it will not of itself solve their problem.

Determining the rate of currencies has always been a black art

back into recession. Theo Waigel, the German finance minister, told his EU colleagues at the Verona meeting last weekend that "there is very little chance of 1.5 per cent growth this year" and the latest market forecasts put growth at less than 1 per cent.

So the first question: will the currencies continue to correct?

The technical analysts – the people who draw patterns from the

head solidly in one direction, it takes a lot to stop them. The dollar is in an upswing, so anyone who has bought it in recent months will have made money. Human nature being what it is, dealers have to have quite a strong view to want to bet against it until new information comes along. That is why currencies frequently overshoot.

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not want the surge in the dollar to be sustained if it starts hitting US jobs.

What one can say with reasonable

assurance is that if the dollar does push up to those chart points noted above, the officials will start to try

to cap the dollar, with words, if nothing more. Is the present rise enough to support the Japanese recovery and recreate the Continental European one? Yes, but only in the sense that the dollar is not really the core problem in either case.

In Japan that remains one of cor-

porate and banking weakness, cou-

pled with the need for deregulation

and tax reform. In France and Ger-

many problems of unemployment

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Beware of Nell Gwyn gossip

Racing

GREG WOOD

As anyone in Newmarket will tell you, this week will see the seasonal debut of the Craven meeting at least the obvious place to look for a future Classic winner is not necessarily the best. The Nell Gwyn Stakes is generally held to be one of the most significant trials for the 1,000 Guineas, but while eight of today's 11 runners are entered for the fillies' Classic, the latest betting gives only one, Bint Salsabil, a serious chance in the fillies' Classic.

History, too, is on the side of the doubters, since no Nell Gwyn winner has followed up in the Guineas since Oh So Sharp in 1985, and while 15 runners have gone on to contest the Classic during the 1990s, only Sayyedati, who was third in the trial in 1993, has succeeded. These days, it seems, the best fillies wait for the Fred Darling at Newbury or, just as probably, arrive back from a revitalising winter in Dubai shortly before Guineas day itself.

Certainly, with Bosra Sham and Blue Duster solidly rooted

with us for long. Remember too that, on the opening day of the Craven meeting at least the obvious place to look for a future Classic winner is not necessarily the best. The Nell Gwyn Stakes is generally held to be one of the most significant trials for the 1,000 Guineas, but while eight of today's 11 runners are entered for the fillies' Classic, the latest betting gives only one, Bint Salsabil, a serious chance in the fillies' Classic.

The Flat season is very difficult at this time of the year," Gosden said yesterday. "It goes dead after Doncaster but people still got to write about something, and as soon as you put a decent jockey on a horse and it finishes a gallop half a length up it gets written up. People don't know what the work instructions are or even what it's working with. If I told you what the lead horse was, it might be rated 75 and you'd think what terrible work.

"I've always believed that they have to do it on the track. Sacho is OK at this stage but he's very lazy in his work. I would see a great deal of improvement in him and I

so too has John Gosden's Sacho, to such an extent that he is now a 16-1 chance for the Derby even though he has yet to win so much as a maiden. Sacho should rectify that in today's final race, but wise punters will listen carefully to the trainer's assessment of Sacho's chance and potential.

"The Flat season is very difficult at this time of the year," Gosden said yesterday. "It goes dead after Doncaster but people still got to write about something, and as soon as you put a decent jockey on a horse and it finishes a gallop half a length up it gets written up. People don't know what the work instructions are or even what it's working with. If I told you what the lead horse was, it might be rated 75 and you'd think what terrible work.

"I've always believed that they have to do it on the track. Sacho is OK at this stage but he's very lazy in his work. I would see a great deal of improvement in him and I

wouldn't be surprised if he got beaten tomorrow. The other thing you've got to remember is that some horses will work like a dream in the morning, but come the afternoon you can't find them with a search warrant.

With 15 unexposed opponents today, Sacho is certainly not one to back with abandon, but a horse of considerable promise who is worth a bet is PASSION FOR LIFE (nap 3.05). Geoff Lewis chose the Abemar Stakes as the starting point for Lake Comiston's climb to the top of the sprinting ladder last year, and Passion For Life, who trotted up in a Kempton handicap 11 days ago, is improving so rapidly that he must be followed until he is beaten.

Other worthwhile bets are thin on the ground — Sammartino, last year's Ebor Handicap winner, will be far too short in the stayers' handicap — but Jerry Crotto (4.45) is worth a small interest later in the afternoon.

NEWMARKET

2.35: This is a poor maiden by Newmarket standards and may go to the newcomer ELSALEET. John Gosden, his trainer, had a 26 per cent strike rate with three-year-olds making their seasonal debut last year and a similarly smart percentage of winners during the month of April. The Newmarket trainer again seems to have his string well forward. Mansmann had the best form of these 35-a two-year-old, finishing second in an Ascot maiden event on his debut, but although his trainer does well with horses making their seasonal debuts, he does not have many winners at this time of year. Omaha, from Henry Cecil's powerful stable, can be excused a disappointing run on her second outing last year when out of sorts, while Stayroyd should be suited by dropping back a furlong to that trip.

3.45: PASSION FOR LIFE, who is in eighth position in the race for the Abemar Stakes, is the starting point for Lake Comiston's climb to the top of the sprinting ladder last year, and Passion For Life, who trotted up in a Kempton handicap 11 days ago, is improving so rapidly that he must be followed until he is beaten.

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HYPERION'S TV

2.35: With Bint Salsabil likely to need a longer trip and conceding 36 to all her rivals, this may concern MELZOGIORNO and Mald For The Hills. The selection by Unwin, is also bred to get further but showed plenty of pace over this track and trip to chase home useful Rio Duvida in the autumn. She is open to improvement, as is unbeaten Maid For The Hills, whose stable is in form. There are good recent reports about Darling Flame, while Thrilling Day, who is not in the 1,000 Guineas, has been aimed at this race and is well forward.

3.45: Barry Hills has a good record with handicaps here and his Ebor winner, Sammartino, must be respected. He has plenty of weight though and THALIANAH, who will be suited by the trip and fast ground is preferred. Unchanged needs further, but is progressing while lightly raced maiden

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Rusedski wins but Henman goes out

Tennis

Britain's Greg Rusedski pounded out a 6-2, 6-1 victory over German's Carsten Steeb to reach the second round of the Japan Open in Tokyo yesterday but Tim Henman bowed out.

Henman, the 15th seed, was defeated by the American Jeff Tarango, who caused uproar by walking off court at Wimbledon last year after verbally abusing an umpire. Tarango won 6-1, 6-4, getting the better of a second set which contained four successive breaks of serve.

Rusedski, the 13th seed, hit only two aces with his big serve, but won 79 per cent of his service points and troubled his opponent with low-bouncing backhand slices as he won in just 55 minutes.

"I was pleased with the way I played. I've been losing a lot of close matches," Rusedski, the world No 47, said. "This is a fast court that suits my style."

Henman was not the only seed to make an early exit as Bernd Karpacher, seeded 14th, was beaten 6-2, 6-4 by his fellow German, Hendrik Dreeckman. Denmark's Kenneth Carlsen, seeded 16th, rallied for a 5-7, 6-4, 6-2 victory over Yasumasa Yamamoto, a wild card entry.

Pete Sampras — back to No 1 in the world rankings — Michael Chang and Thomas Enqvist, who won the Indian Open on Sunday, are the top three seeds and receive byes into the second round.

In the men's doubles, Britain's Martin Lee and Chris Wilkinson were beaten 6-3, 6-2 by the Americans Jim Grabb and Richey Renegar.

Belgium's Sabine Appelmans, the women's No 2 seed, was beaten 7-6, 4-6, 6-0 by Japan's Nana Miyagi. The world No 108 was following up a victory over the Swiss teenager Martina Hingis, in the Lipton tournament last month.

Romania's Irina Spirlea, the eighth seed, showed athleticism, patience and judgment in beating Mary Pierce, of France, 6-7, 6-4, 6-3 in the final of the Bausch and Lomb Championships on Sunday.

The 22nd-ranked, 22-year-old Spirlea's victory, her third tournament title, moved her to 18th in the WTA rankings in her third full year on the women's tour.

Get Smart pulled out of Badminton

Equestrianism

GENEVIEVE MURPHY reports from Badminton

Karen Dixon has been forced to withdraw her gallant partner, Get Smart, from the Badminton Mitsubishi Horse Trials which take place from 2 to 5 May. This effectively puts the 15-year-old horse out of the Olympic Games, as he has not competed in a three-day event since winning team gold and individual bronze medals at the 1994 World Equestrian Games.

Get Smart, who was withdrawn yesterday because of persistent coughing, has a wonderful record at Badminton, having finished in the top 10 here on five occasions. He was also the best British horse when sixth at the 1992 Olympics. Dixon now relies on the dynamic little 10-year-old Too Smart, with whom she was fifth at Badmiley last year.

Three other top riders may have to withdraw one of their two horses. General Jock, Kristina Gifford's mount, has a haematom in the girth area and has not been able to be saddle since falling at Brigstock on Easter Sunday. Mr Mackinnon, the mount of Ian Stark, has been suffering from a virus and Ethelred the Unready, one of Mark Todd's intended partners, has a bruised sole.

Badminton will still have a high-class field and a record first prize of £24,000. Entries include Australia's Matt Ryan (the Olympic champion), New Zealand's Vaughn Jeffries (holder of the world title), Ireland's Lucy Thompson (the European Open champion) and Bruce Davidson of the United States (the winner here last year and top of the 1995 world rankings).

NEWMARKET

HYPERION
4.15 Threlfallan
4.45 White Plains (nb)
5.00 20 Sacho

GOING: Good to Firm. STAY: Good to Firm. Course: 1m 4f, 6.1f, 4.1f for each race. DRAW ADVANTAGE: None. Right-hand corner with 1m of straight.

1. COURSE IS SW of town on A1303. Bus link from Newmarket railway station (serviced by London, King's Cross). ADMISSION: Club 5.10 / 10 to 25-year-olds 5.50; Standard 5.00; Silver 5.00; Club Parkers 5.10; remainder free. SIS.

LEADING TRADEERS WITH RUNNERS: J Godden — 50 winners from 1,036 runners gives a success rate of 14.9% and a loss to a 51 level stake of 107.45. H Cecil — 49 winners, 22% success, 10.6% loss. B Hannon — 505 runners, 9.6% loss. — 200 winners from 1,036 runners gives a success rate of 19.2% and a loss to a 51 level stake of 107.45.

LEADING CONCOURS: P Eddery — 57 winners, 17.7% success, 11.2% loss. L Dettori — 67 winners, 14.5% success, 11.2% loss. J Eddery — 77 winners, 14.6% success, 11.2% loss. P Eddery — 43 winners, 12.8% success, 11.2% loss. J Eddery — 77 winners, 14.6% success, 11.2% loss.

BLINKERED FIRST TIME: Mistle Toes (14.5). WINNERS IN LAST SEVEN DAYS: None. LONG-DISTANCE RUNNERS: Montevideo (1.00) sent 22 miles by L G Corlett from Dundee. Deveril (My Melody Parkes (14.0) sent 213 miles by J Berry from Cockermouth, Lancs.

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BLINKERED FIRST TIME: Mistle Toes (14.5). WINNERS IN LAST SEVEN DAYS: None. LONG-DISTANCE RUNNERS: Montevideo (1.00) sent 22 miles by L G Corlett from Dundee. Deveril (My Melody Parkes (14.0) sent 213 miles by J Berry from Cockermouth, Lancs.

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sport

US MASTERS: The manner of Norman's defeat will be the dominant memory. Tim Glover reports from Augusta

Faldo shows humanity in victory

Having witnessed at first hand the self-destruction of Greg Norman, Nick Faldo did not restrict himself to a ritual handshake on the 18th green at Augusta National. "I just want to give you a good hug," Faldo said as he embraced the Australian, patting him on the back repeatedly. "I felt for him. It was as simple as that."

It was a warm and fitting response from Faldo. "It was a very, very special moment," Norman said. "Nick's gone way up in my estimation." Norman had turned a six-shot lead into a five-shot deficit with a 78 to Faldo's 67, the biggest collapse in a major championship and one of the greatest man-made disasters seen in America since the Wall Street Crash.

Norman tried to put it in perspective. "It's not the end of the world," he said for about the tenth time. "I let this one get away. I'll wake up still breathing, I hope."

Faldo won his third Green Jacket but this was the first that came with a black armband. "This one's amazing isn't it?" Faldo said. "I hope it will be remembered for my '67 and storming through and not what happened to Greg."

It was a fair enough request but the fact is the 60th Masters will always be remembered as the one that got away from the "Great White Shark". On the course a silence descended as Norman staggered through the Cathedral of Pines and grown men stared at the ground. It was like attending a bereavement.

When Faldo rolled in an unnecessary putt for a birdie at the last, the reason why this will be remembered as the gutting of the Shark rather than Faldo's renaissance was perfectly clear. Traditionally the winner of the Masters cherishes the moment and receives a hero's greeting from the crowd. On Sunday evening the spectators weren't sure whether to laugh or cry and Faldo's first response was not to raise his arms but to throw them around his opponent.

"I played like shit," Norman said. "That's probably the best way of putting it. I really got a good old ass whipping. I put all the blame on myself. I made a lot of mistakes. My swing was out of sync, my putting was out of sync. My thought pattern was good but my rhythm was out."

His mind was in turmoil. After taking bogeys at the ninth, 10th, 11th and a double-bogey at the 12th, Norman's thought pattern was not good. He hit an errant drive down the 13th and from a poor lie thought about hitting a wood. His caddie had to talk him out of it.

At the same hole Faldo, now holding a two-shot lead, had 228 yards to the flag and he addressed the ball with a five-wood. He changed his mind, took out the two-iron and rifled it to the heart of the green, perhaps the best shot he had played.

The following year Faldo was



Gladiators' embrace: Nick Faldo (right) hugs Greg Norman after winning the Masters on Sunday. Photograph: AP

in another play-off and this time the victim was Ray Floyd. Again the denouement was at the 11th where the American hit his second shot into the lake. Floyd on fish. When poor old Norman got into a play-off here in 1987 an anonymous Augustan by the name of Larry Mize chipped in at the 11th to deny the Australian.

In 1989, Faldo's aggregate was 283, in 1990, 278, and on Sunday it was 276, 12 under par, a target he had predicted earlier in the week would be sufficient to win. "I didn't think I would win this," Faldo said. "My goal was simply to have a good tournament. The big thrill is to go out and do it on the day. You never know when you've got another win in you. It's a great feeling to know you still have it."

The first crack in Norman's game appeared as early as the

pressure. The course requires the highest degree of accuracy and strategy. I was in control of things. I never left myself any scary putts. There's a fine line between shooting in the 60s and in the 70s. I hit all the shots where I intended to.

Once I realised Greg was in trouble I got harder. Not on my feet, just doing everything a little bit better. The pressure was immense.

Faldo said of Norman: "He's a great player, a great competitor. He's a credit to the game and the game needs him out there all the time.

"I genuinely feel sorry for him. What he's been through is horrible. It's hard to repair that but he'll be all right."

The first crack in Norman's game appeared as early as the

first hole where he missed the fairway, hit his second into a bunker and dropped a stroke. He went to the turn in 38 to Faldo's 34 and suffered a particularly cruel blow at the 11th where his putt for a birdie shaved the hole and he missed the short one coming back. The 11th has been good to Faldo. When Norman walked to the 12th tee he was out of control. Faldo, though, was aware that the 41-year-old Australian had lost.

Norman agreed this was the most disappointing single round of his career. "I've seen what the game gives you and what it takes from you. Maybe these hiccups that I inflict on myself are meant for another reason. I don't know. There must be a reason. I think there's something

waiting for me down the line that's going to be good for me.

"My life's not over yet. Something good is going to happen before my career is over. I really believe that. All of this is just a test. I'm a winner, I just didn't win here. I'm not a loser in life. I'm not a loser in golf tournaments. I'm a perfectionist. If I wanted to be a brain surgeon I could."

Norman has just made \$40m (£26.4m) from shares in the golf club company, Cobra. "You see, there's a good thing about life. I've got something that other people haven't got. I've got 40 million bucks. God, I'd love to be putting the Green Jacket on. I'm sad about it. I'm going to regret it but it's not the end of the world for me."

He's got 40 million and he can't buy a Green Jacket.

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Time to enlist an experienced negotiator

I read a lot of newspapers in the course of my work. One of the many things that have struck me in the last few turbulent weeks is how little of the troubles of English rugby has spilled over from the news pages on to the news pages and into the leader columns.

Those who are employed to instruct and entertain us on the great questions of the day, have been equally quiet. For where is that high moral tone for which Hugo Young is renowned? His voice is not heard. Where is Polly Toynbee? She is silent. Is there no sound even from William Rees-Mogg? We listen, and we listen vain.

From all this I conclude that rugby is not quite as important in our national life as some people think it is. The only player the majority of citizens could name is Will Carling, and that would partly be for reasons unconnected with the game of rugby. If there were a competitive row taking place in football or cricket, we may be sure that there would be more chunks of weighty comment flying around the place.

But cricket and football have had their rows. Their structures

are in place, more or less. There is much that the Rugby Football Union and the would-be professional clubs can learn from the organisation of these two sports. Most of such knowledge would consist of mistakes to be avoided.

There is, however, a good deal to be said for the division between the Football Association and the Football League. Something very similar is inevitable in rugby union. The RFU would be like the FA. As Peter Wheeler, of Leicester, has said, the professional clubs do not want to tinker with the laws. My guess is that they will indeed be modified in the interests of greater movement and more "accessibility" - but that these "accessibilities" will come about because of pressure from the television companies rather than because they are wanted by the clubs themselves.

As far as competitions are concerned, however, the clubs are fully entitled to impose their views on the RFU. The union's attachment to the Divisional Championship is quite extraordinary. The spectators do not flock to it. The players resent it. The new managers,

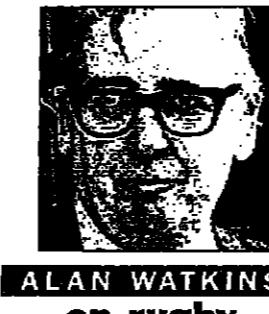
such restrictions, it would come to grief in the law courts. And if it persists with its comparable rule for the divisions, the RFU may find itself in similar trouble, always assuming that these artificial and unnecessary divisions continue to exist, as I hope they do not.

Those rugby commentators who write off the claims of the clubs and the players as mere pretensions, do not seem to understand the law. They should try to get hold of the judgment of Mr (later Lord) Justice Stade, in the case of Derek Underwood and the MCC over the Kerry Packer "circus." They might also have a look at the recent judgment of the European Court in the case of the Belgian footballer who was kept with a club against his will. United Kingdom law has always been against restraint of trade: European law, which now takes precedence over the home-grown variety, is even more opposed to it.

There are further lessons to be learnt from cricket. The truth is that the County Championship cannot properly support a fully professional

structure. The results are that professional cricketers are underpaid and that the game has been vulgarised by a variety of silly competitions. More important: there is no place now for the gifted amateur of the past. I hope Dr Gwyn Jones (assuming he passes his exams, as I am sure he will), will be able to play open-side flanker in the first-class game for as long as he likes.

I do not want to be gratuitously offensive - heaven forbid - but most of those involved in recent negotiations or non-negotiations do not seem to be up to the job. The one man who has spent his entire life settling disputes does not appear to have been greatly concerned in the matter. I refer to Sir Pat Lowry, of Wasps, who was head of Asics from 1981 to 1987. Indeed, no industrial dispute was complete without the presence of Sir Pat at some stage. Sometimes not. But at least he would know what he was doing. This is more than can be said of most of rugby's negotiators. Call in Sir Pat Lowry. That is my message for the week.



ALAN WATKINS

on rugby

such as John Hall, of Bath, are against it. It is a complete waste of time and effort.

If the attachment to the old Divisional Championship is extraordinary, the new one proposed by the RFU is believed. Argentina, and perhaps Italy and Romania - who knows? - are to be brought in as well. At the same time the RFU proposes to restrict those selected for the divisions to those qualified for England. It has already quietly dropped (or I think it has dropped) its limitation on foreigners, including Welshmen, Scots and Irishmen, in First Division sides.

If it attempted to enforce any

attempting to eat fewer cures," he said.

Bedford ran in his own event in 1992 but is now merely a weekend jogger. "There is no time for serious training so I just jog around Hampstead Heath, where I always used to run. I know every inch of it. I bought a house in the village three years ago, 30 yards from the hospital where I was born."

Divorced, he has a 12-year-old son, Tom, whom he takes to watch Tottenham. "He has turned me from a lifelong QPR fan into a Spurs nut."

Jon Culley

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Skerrett considers Wire move

Rugby League

DAVE HADFIELD

The future of Kelvin Skerrett remains in the balance, with the Wales and Great Britain prop asking for more time before deciding whether to accept Warrington's offer.

Skerrett will talk to his present club, Wigan, today, but they have made it clear that they want him to go in order to bring down their wage bill. Skerrett would prefer to go to a club nearer his Yorkshire home, but Bradford's Brian Smith has ruled his club out of the running.

Wigan say that another player might have to go to bring them within next season's salary cap, have resigned themselves to losing their Test winger, Jason Robinson, who is leaving for Australia next June.

Robinson had hinted that he would prefer to stay, rather than taking up a four-year contract with the ARL. "We are not able to do anything about it," Jack Robinson, the Wigan chairman, said.

The club hopes to continue to get the best out of him until his departure, however. The player stayed away from training over a pay dispute last week, but made himself available to play at Castleford on Sunday.

It was a day of departures at Warrington, with the former Great Britain scrum-half Mike Ford agreeing to a move to

Wakefield. His replacement, the Western Samoan Willie Swann, is due to arrive next week.

The club has also parted company with its chief executive, Graham Armstrong, who has been replaced by John Smith.

The referees' director, Greg McCallum, has hit back at criticism of officials by coaches. McCallum said the referee at St Helens on Sunday had been right not to allow an extra substitute when a Bradford player was carried off as a result of foul play.

"This is not an international law, nor does it exist in this country. It only applies in the Australian domestic competition," McCallum said.

A number of coaches are using the age-old practice of laying blame on match officials to cover shortcomings by their own players.

"I openly admit that John Connolly made a mistake in penalising and sin-binning Leeds' Anthony Gibbons in Saturday's game at Oldham, but his error-rate was significantly less than that of some players involved."

McCallum warned that action will be taken against coaches and players publicly criticising officials.

The Rugby League says that it is capable of reaching an agreement with the BBC for the televising of the Silk Cut Challenge Cup from next season.

Ainslie has a heavy day

Sailing

for wearing clothing found to be above the legal weight limit.

This put Ainslie in second place, eight points behind Braithwaite's Robert Scheidt, but still ahead of Stefan Warkala of Germany. Another Briton, Ian Percy, was in fourth place.

In Murcia, Spain, which is staging three qualifiers for European places at the Olympics, Bethan Raggatt and Sue Carr were 10th out of 17 in the 470s, with 16 to qualify. Richard Stenhouse 12th out of 24 Finn singlehanders, with 20 to qualify, and Shirley Robertson 17th out of 26 Europe singlehanders, with 19 to qualify.



Armed combat: Two competitors indulge in a test of strength at the London Amateur Arm Wrestling Championships

Photograph: Robert Hallam

Battle of the biceps, wits and lunatics

If you want to make an impact as a sport, it does no harm to encourage nicknames.

Sunday night's London Amateur Arm Wrestling Championships at the Sports Cafe, witnessed by approximately 100 competitors and camp followers and the cameras of cable television, abounded in them.

In some cases, the derivation was obvious. Tony "The Lunatic" Dure, for instance, did indeed appear deranged in the moments before he stepped to the spotlit table, staring fixedly into the middle distance with an expression of pent-up fury.

For Uno Biceppo - aka Chris Andrews of Lancashire - the requirements were relatively simple. After winning his contests, his role was to flex the bicep in

question in response to a football-style chant of "Uno, Uno".

But how Wayne Blake came to have the nickname of "The Joker" was a mystery. He may have rolled his eyes occasionally, but there was none of the zany behaviour one expected from someone carrying such a monicker.

The real joker on the night was the streetwise master of ceremonies, Frank Pital. The actual jokes purveyed by this chubby market trader did nothing for the occasion - "Do you know why I'm wearing it tonight? I lost a bet!" - but his hype soared to lunatic heights.

"If you thought you saw lightning, get ready because you are going to listen to thunder. It's 'The Lunatic'." Look at his

question. Mike Rowbottom gets to grips with an event where the hype rose to hilarious heights at London's Sports Cafe

eyes. Look at his face. History is in the making. World War Three is about to explode in the Sports Cafe..."

The subsequent explosion was a controlled one, as Uno Biceppo forced The Lunatic's knuckles down on to the contact pad within a couple of seconds.

Most of the night's matches were over very quickly. Very few turned into the extended, vein-bulging, sweat-beading encounters that the sport suggests to the outsider.

More than brute force is involved in a sport that dreams of the Demonstration Olympics - as all involved will tell you.

Like most leading competitors, Curtis Annelle, a trainee with the London Fire Brigade who won a silver medal at last year's World Championships, trains five days a week. But he maintains the mental challenge of the event is the main thing for him. "It's a battle of wits," he said. "An arm wrestling match can be over in a heartbeat."

There are two main approaches in competition - outside arm wrestling, where you try to roll the opponent's arm over, and inside wrestling, where you hook their hand in and try to force it down towards you. But forget the idea that

one hand has to be kept behind the back - competitors grab hold of a wooden grip with their spare hands, and can gain purchase on the inside of the table with one leg.

Psychology is also a factor, particularly beforehand. Before getting to grips with his opponent, Annelle - 6ft 4in and 190 kilos - likes to emit a low growl.

Elaine Pickup, the 25-year-old British and European champion at 60kg, estimates that her sport is 80 per cent about mental ability.

What criticism she receives about doing arm wrestling comes from the opposite sex. "Some men think it's gross," she says. "As it happens, men whom she could beat at arm wrestling.

Pickup, a senior manager at an Acrington chemical works, is nevertheless concerned not to overshoot the mark of what she considers feminine. Her arm, as she flexes it, looks far more normal than those of female bodybuilders. "If I had to look like that, I wouldn't do it," she said. "I work very hard on my image."

That image involves long hemmed hair, a feather boomer jacket and a black leotard. And, naturally, a nickname. "I call myself Lady Natural," she said. "Because I want to be thought of as glamourous in everything I do."

As she went on to demonstrate, the glamour is matched by aggression. Just the thing to keep the cameras rolling and the sport's profile rising...

Smith makes the best of a slow pitch

Cricket

HENRY BLOFELD

reports from The Parks
Leicestershire 299-4 dec
Oxford University 133-4

as eager as ever to come to The Parks and Fenner's for early season matches - have usually, even in the old days, had their way with the universities in April and May. Now, Leicestershire were made to work hard for their advantage over Oxford.

On a very slow pitch Ben Smith batted 320 minutes for his 123 not out against bowling which was steady and fielding which was always excellent. He was helped in an unbroken stand of 176 in 44 overs by Paul Nixon who batted with rather more of a flourish for his unbroken 100 in 176 minutes.

Oxford are kept alive by Keeble who provided seven of the 13 players from whom the side was chosen. The college rightly takes the view that potential sportsmen are important to the health of a university.

None of Oxford's bowlers were taken apart. The two tall South African openers, Pierre du Preez (left-arm over) and Russell Thomson, were steady at just above medium pace. David Mathew, also left-arm over, bowled better than 0 for 81 may suggest and the off-spinner Hasim Malik will have his rewards as the summer develops.

Six of the present side are involved with counties and their cricket was always purposeful. Little was given away by either batsmen or bowlers who clearly had a good working knowledge of the basics.

While Chinmay Gupte, the captain who is a medical student playing his sixth year, anchored the Oxford innings and Gul Khan with some lovely fluent strokes in his 56 not out, showed that they are far from being out of their depth against Leicestershire's front-line bowlers.

(Leics won toss; first innings (Leicestershire - 1st innings 139 for 4)

(Leics 139 for 4)

(Oxford 133 for 4)

B F Smith not out 123

1P A Nixon not out 100

1P D Mathew 133

Total (first dec 405, 85.4 overs) 260

Did not bat 2 A D Mulroney, C J Remm, G J Parsons, A R K Pearson, N J Mills

1P D Preez 133-0, 72-25, 100-1, 100-2, 100-3, 100-4, 100-5, 100-6, 100-7, 100-8, 100-9, 100-10, 100-11, 100-12, 100-13, 100-14, 100-15, 100-16, 100-17, 100-18, 100-19, 100-20, 100-21, 100-22, 100-23, 100-24, 100-25, 100-26, 100-27, 100-28, 100-29, 100-30, 100-31, 100-32, 100-33, 100-34, 100-35, 100-36, 100-37, 100-38, 100-39, 100-40, 100-41, 100-42, 100-43, 100-44, 100-45, 100-46, 100-47, 100-48, 100-49, 100-50, 100-51, 100-52, 100-53, 100-54, 100-55, 100-56, 100-57, 100-58, 100-59, 100-60, 100-61, 100-62, 100-63, 100-64, 100-65, 100-66, 100-67, 100-68, 100-69, 100-70, 100-71, 100-72, 100-73, 100-74, 100-75, 100-76, 100-77, 100-78, 100-79, 100-80, 100-81, 100-82, 100-83, 100-84, 100-85, 100-86, 100-87, 100-88, 100-89, 100-90, 100-91, 100-92, 100-93, 100-94, 100-95, 100-96, 100-97, 100-98, 100-99, 100-100, 100-101, 100-102, 100-103, 100-104, 100-105, 100-106, 100-107, 100-108, 100-109, 100-110, 100-111, 100-112, 100-113, 100-114, 100-115, 100-116, 100-117, 100-118, 100-119, 100-120, 100-121, 100-122, 100-123, 100-124, 100-125, 100-126, 100-127, 100-128, 100-129, 100-130, 100-131, 100-132, 100-133, 100-134, 100-135, 100-136, 100-137, 100-138, 100-139, 100-140, 100-141, 100-142, 100-143, 100-144, 100-145, 100-146, 100-147, 100-148, 100-149, 100-150, 100-151, 100-152, 100-153, 100-154, 100-155, 100-156, 100-157, 100-158, 100-159, 100-160, 100-161, 100-162, 100-163, 100-164, 100-165, 100-166, 100-167, 100-168, 100-169, 100-170, 100-171, 100-172, 100-173, 100-174, 100-175, 100-176, 100-177, 100-178, 100-179, 100-180, 100-181, 100-182, 100-183, 100-184, 100-185, 100-186, 100-187, 100-188, 100-189, 100-190, 100-191, 100-192, 100-193, 100-194, 100-195, 100-196, 100-197, 100-198, 100-199, 100-200, 100-201, 100-202, 100-203, 100-204, 100-205, 100-206, 100-207, 100-208, 100-209, 100-210, 100-211, 100-212, 100-213, 100-214, 100-215, 100-216, 100-217, 100-218, 100-219, 100-220, 100-221, 100-222, 100-223, 100-224, 100-225, 100-226, 100-227, 100-228, 100-229, 100-230, 100-231, 100-232, 100-233, 100-234, 100-235, 100-236, 100-237, 100-238, 100-239, 100-240, 100-241, 100-242, 100-243, 100-244, 100-245, 100-246, 100-247, 100-248, 100-249, 100-250, 100-251, 100-252, 100-253, 100-254, 100-255, 100-256, 100-257, 100-258, 100-259, 100-260, 100-261, 100-262, 100-263, 100-264, 100-265, 100-266, 100-267, 100-268, 100-269, 100-270, 100-271, 100-272, 100-273, 100-274, 100-275, 100-276, 100-277, 100-278, 100-279, 100-280, 100-281, 100-282, 100-283, 100-284, 100-285, 100-286, 100-287, 100-288, 100-289, 100-290, 100-291, 100-292, 100-293, 100-294, 100-295, 100-296, 100-297, 100-298, 100-299, 100-300, 100-301, 100-302, 100-303, 100-304, 100-305, 100-306, 100-307, 100-308, 100-309, 100-310, 100-311, 100-312, 100-313, 100-314, 100-315, 100-316, 100-317, 100-318, 100-319, 100-320, 100-321, 100-322, 100-323, 100-324, 100-325, 100-326, 100-327, 100-328, 100-329, 100-330, 100-331, 100-332, 100-333, 100-334, 100-335, 100-336, 100-337, 100-338, 100-339, 100-340, 100-341, 100-342, 100-343, 100-344, 100-345, 100-346, 100-347, 100-348, 100-349, 100-350, 100-351, 100-352, 100-353, 100-354, 100-355, 100-356, 100-357, 100-358, 100-359, 100-360, 100-361, 100-362, 100-363, 100-364, 100-365, 100-366, 100-367, 100-368, 100-369, 100-370, 100-371, 100-372, 100-373, 100-374, 100-375, 100-376, 100-377, 100-378,

SPORT

Beresford apologises for outburst

Football

RUPERT METCALF
AND PHIL SHAW

John Beresford, the Newcastle United full-back, was obliged to issue a public apology yesterday following his very public disagreement with his manager, Kevin Keegan, during the Magpies' edgy 1-0 Premiership win over Aston Villa on Sunday.

In full view of both St James' Park spectators and the Sky Sports television cameras, Beresford and Keegan had a heated argument on the touchline moments after the manager had substituted his England B left-back after only 25 minutes of the match.

"I was totally out of order," Beresford admitted. "Tensions were running high with so much at stake. I cannot stress enough how sorry I am for what was two seconds of madness.

"The gaffer shouted some instructions which I felt were not suited to me and I reacted stupidly. I swore and I put him in a predicament. He was right to bring me off. It was the worst moment of my career. I am annoyed that with all my experience I reacted like that."

Following the match, Keegan had said: "I told him something I thought he was doing wrong and when he answered me back like that, I just told him he was coming off. I just had to do it. I don't think any player should talk to a manager in that way – but that will be the end of it."

The Ipswich Town chairman, David Sheepshanks, has promised strong action against the supporters accused of assaulting four Norwich City players after Sunday's East Anglian derby at Portman Road ended with a pitch invasion. "Everything has been recorded on camera and, if there are guilty parties, the club will have no alternative but to take very strong action," Sheepshanks said. Ipswich won the First Division match 2-1 thanks to a Robert Ullahorne own goal four minutes from full-time, after Bryan Gunn, the Norwich goalkeeper, failed to clear a back-pass. Gunn was allegedly involved in a scuffle with fans behind his net before the final whistle.

Ajax will be without their talented Dutch international, Patrick Kluivert, when they attempt to overturn a 1-0 deficit in the second leg of their European Cup semi-final with Panathinaikos in Athens tomorrow. The striker has a knee injury.

On the domestic front, Duncan Ferguson is almost certain to miss tonight's Merseyside derby with a recurrence of a groin injury. The Everton striker is unlikely to be included in the Scotland squad which will be named today for the visit of the European champions, Denmark, a week tomorrow. Ferguson, who has had two hernia operations, may need a third during the close season, which would rule him out of the European Championship finals. Also facing a fitness battle is the

Rangers defender Alan McLaren, who will undergo a knee operation in May.

Blackburn may be without two forwards, Alan Shearer (groin injury) and Graham Fenton (back) for tomorrow's Premiership game against Wimbledon. Tony Brooking is unlikely to be in the Leeds side to visit Manchester United tomorrow and may have played his last game for the club. Howard Wilkinson, the Leeds manager, was unhappy that the Swede reiterated his intention to leave in the summer after the defeat at Chelsea on Saturday.

Another foreign player on the move could be Uwe Rosler. Sheffield Wednesday, who had an offer rejected by Manchester City earlier in the season, hope to land the German striker for £2.5m once the season ends. John Pemberton, the Leeds defender, may miss the rest of the season after damaging knee ligaments at Chelsea on Saturday.

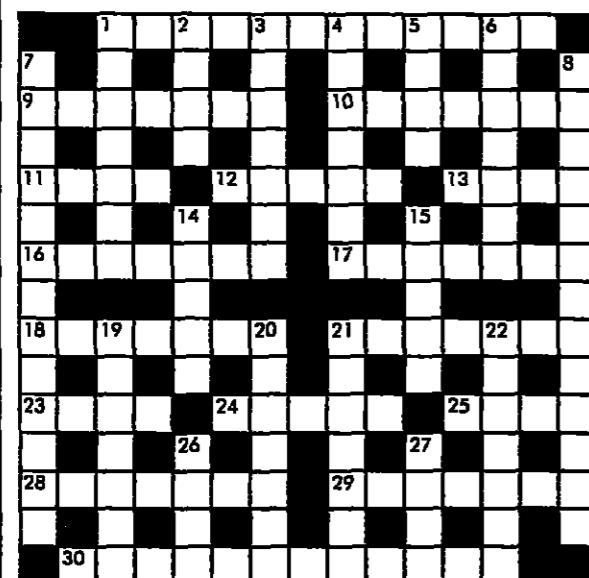
Mitch Cook, Scarborough's director of coaching, has been severely reprimanded by the Third Division club's chairman, John Russell, following allegations that Cook had taken a group of players to a wine bar on the evening before Saturday's 5-1 thrashing at Plymouth Argyle. That was Scarborough's fifth defeat in five games since Cook replaced Ray McHale in charge of team affairs, and a club record seventh successive defeat for the Yorkshire side, who are second to bottom of the division.

THE INDEPENDENT CROSSWORD

VINERS OF SHEFFIELD
THE MOST FAMOUS NAME IN CUTLERY

No. 2962, Tuesday 16 April

By Andrew



By Andrew

3 Drowning son hero saved close to the beach (7)
4 A huge weight, gold, in back of car (7)
5 Like to hold record in mountains (4)
6 Yield to having this under joint (7)
7 In which there's no black side as far as one can see? (4,9)
8 Crude estimation of position which pathologist gives? (4-9)
14 Number of Jewish Queen's not second (5)
15 Deem book not to be finished (5)
19 On certain horse hard hat could be required, it's volatile (7)
20 Animal doctor, in refusal, shows ingenuousness (7)
21 Intend to be seen in torn garment (7)
22 Serious listener at home (7)
26 Stamp on this Frenchman and be sick? (4)
27 One having left section of church is a bit cut off the main (4)

Monday's Solution

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P R E F E R E N C E
H S C A K E D E S
E M A E T H O P B
D U N B A N C E L E B I
I O D I H S N P
C H O P H I N D M I C A
D O V E T E S K I T T I S

ACROSS
1 How the electorate shows its gratitude? (4,2,6)
9 Uncle, possibly Uncle Sam, in the centre? (7)
10 Write about some music, one of the Planets? (7)
11 Source of magic's faint by day (4)
12 Perhaps one minimally in debt shows strength (5)
13 Error in drive of floppy disk (4)
16 What baby will need, however, entering after due date (7)
DOWN
1 After holiday a conservative slips into New York opening? (7)
2 Nurse leaves dish of chestnut? (4)

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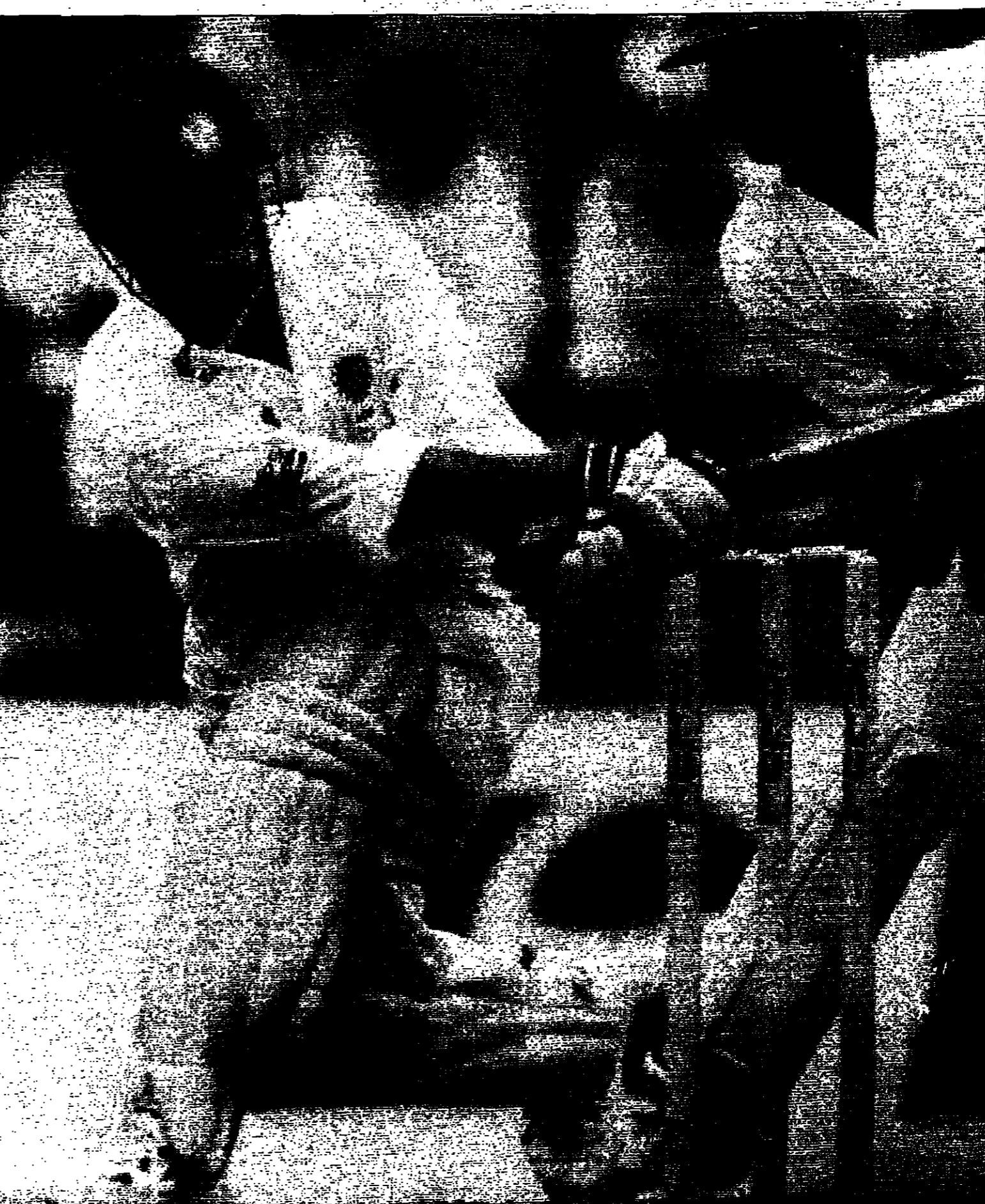
When you have the answers to the first three clues across AND the first three clues down phone 0891 311 017 and leave your answers with your name and daytime telephone number by midnight tonight. Calls cost 35p per minute, cheap rate 30p per minute all other times. Winners will be selected at random from all correct entries received. No cash alternative. Normal Newspaper Publishing rules apply. Editors decision is final.

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THE AGONY AND THE ECSTASY

How Greg Norman lost and Nick Faldo won the Masters

Page 22



Sweeping up: India's Sachin Tendulkar plays to the boundary during his innings of 118 against Pakistan in the Sharjah Cricket Cup yesterday, as wicketkeeper Rashid Latif looks on. India won the match by 28 runs. Report, page 23

Photograph: B K Bangash/AP

Gooch ready to take up coaching

Cricket

Hopefully, I will perform well enough to win a place in the Australian Test team.

Roland LeFebvre, the Glamorgan all-rounder, has been forced to retire because of pelvic damage suffered during an Sunday League match against Durham last July.

The former England captain, who made his first-class debut in 1973 and will be 43 in July, yesterday said: "I am not getting any younger and the time has come to think seriously about the future."

"Ideally, I would like to take up a coaching post and put something back into the game which has given me so much pleasure over the years."

"Hopefully, such an opportunity will come along which suits me. In the meantime I'm just looking forward to another season with Essex."

"I've certainly got no worries over my fitness. I've been in regular training since Christmas and feel fitter now at the start of this season than I have for some years."

Essex's new overseas player, the Australian Stuart Law, said he is looking forward to his first taste of county cricket. "I am here on the recommendation of Allan Border and Mark Waugh who both played for Essex," he said. "I regard this as a great opportunity to forward my career."

Hallett has no doubts over England's future

Rugby Union

STEVE BALE

It is a strange sort of friendship that threatens expulsion, but the

Rugby Football Union's friends in the home unions could today

reveal whether they really are

going to invite England to leave

the Five Nations' Championship

because their union no longer

wishes to be encumbered by the

Welsh, Scots and Irish in negoti

ating its television contract.

The RFU, embroiled in a dom

estic dispute with its leading clubs, does not know whether to act innocent or indignant at such an eventualty.

After all, the French, even if for obvious linguistic reasons, have always had

their own contract – and they

have not been expelled from the

Five Nations since 1931.

Tony Hallett, the RFU secre

tary, insisted he was not being

ironic when he said yesterday of

the Anglo-Welsh relationship: "It

is always friendly and co-operative

and we speak regularly at all levels."

But the fact remains that at the weekend Vernon Pugh, chairman of the Welsh

Rugby Union and the Interna

tional Board, announced his

expectation that England would

have to leave the championship.

Selective media leakages

marked concerning the share-out of matches for the '99 tournament. "We have an arrangement with the members of the Five Nations and while they remain members of the Five Nations' Championship that arrangement will continue," he said.

The RFU had been hostile to

recognition at Sunday's Five Nations meeting in Dublin and Hallett is less sanguine privately than he is in public. "All we've done is make a statement that the RFU wishes to negoti

ate its own TV rights," he said.

"We are members of the Five Nations, intend to remain members of the Five Nations, and I know of no plans to expel us. Membership of the Five Nations is not incumbent on television negotiating rights. I can't see what the connection between membership of the Five Nations and World Cup is."

The process to produce 17

World Cup qualifiers consists of

138 matches involving 66 unions

played in five geographical zones – Africa, Americas, Asia, Europe and Pacific. The first

matches will involve Trinidad and

Tobago, Guyana and Brazil, to be played by this December.

The last will be in the three-team tournaments at Twickenham, Murrayfield and Lansdowne Road 23 months later.

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